

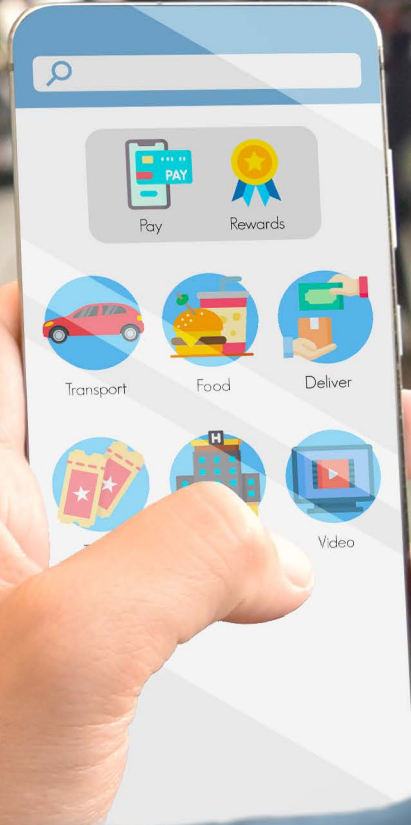


PHILIPPINE
COMPETITION
COMMISSION

Ensuring businesses compete and consumers benefit

ANNUAL REPORT

2022



A YEAR OF CHANGE

About the theme

A Year of Change

In 2022, the Philippine Competition Commission (PCC) navigated a confluence of changes, including the economy's emergence from the pandemic-induced crisis, the accelerated adoption of digital markets, and the changing of the guards both at the national leadership and at the country's antitrust authority. Despite these, the PCC was resolute in its commitment to uphold competition law and policy through its steadfast efforts in enforcement, merger and acquisition review, economic and policy research, and advocacy. The PCC's dedication to advancing competition policy as a critical component of the whole-of-government approach to promoting economic resurgence and inclusive growth is a testament to its unwavering pursuit of a more equitable distribution of opportunities, income and wealth, and the sustained increase in the amount of goods and services produced by the nation for the benefit of the people. ■

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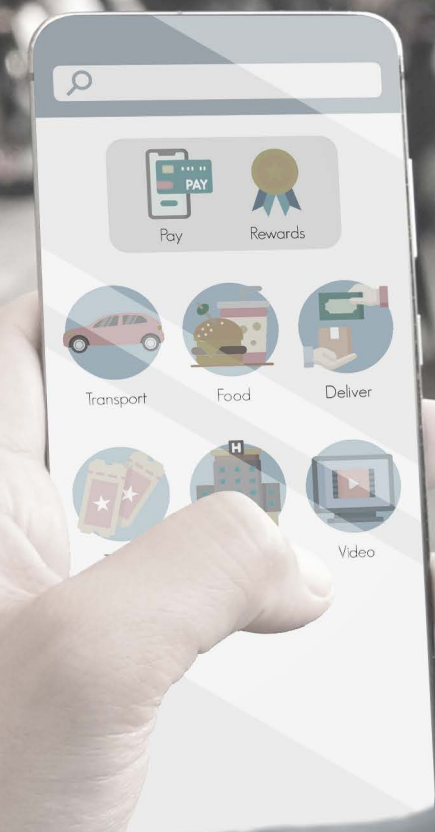


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OUR ROLE

The Philippine Competition Commission is an independent quasi-judicial body mandated to implement the national competition policy and enforce Republic Act No. 10667 or the Philippine Competition Act, which serves as the primary competition law in the Philippines for promoting and protecting market competition.

Over the last few years, our country has made significant strides in economic growth. Amid this positive momentum, there remains a challenge in attaining sustained and inclusive development where no one is left behind. The enactment of the PCA, and the creation of the PCC, aims to promote economic efficiency and ensure fair and healthy market competition where everyone across our country, from metro cities to far-flung communities, can contribute to and benefit from economic development.

The PCC institutes a regulatory environment for market competition to:

- **Protect consumer welfare** by giving consumers access to a wider choice of goods and services at lower prices, and;
- **Promote competitive business** and encourage market players to be more efficient and innovative. Competition also benefits small and medium businesses.

VISION

The PCC aims to be a world-class authority in promoting fair market competition to help achieve a vibrant and inclusive economy, and advance consumer welfare.

MISSION

The PCC shall prohibit anti-competitive agreements, abuses of dominant position, and anti-competitive mergers and acquisitions. Sound market regulation will help foster business innovation, increase global competitiveness, and expand consumer choices to improve public welfare.

The PCC has original and primary jurisdiction over the enforcement and implementation of the provisions of the PCA and its Implementing Rules and Regulations. Its mandate includes:



MESSAGE FROM THE CHAIRPERSON

The Philippine Competition Commission's (PCC) transition to a new administration came at a time when Filipino consumers and businesses were experiencing challenges in a post-pandemic economy. Nonetheless, the PCC forged ahead steadily to fulfill its mandate in enforcement, merger review, and advocacy, ensuring that competition in markets is just and fair for all.

Guarding against anti-competitive agreements and mergers in the path to recovery

The Competition Enforcement Office (CEO) filed two Statements of Objections in the agriculture and food sectors and gathered three proposals from non-adversarial proceedings addressing the telecommunications sector. The CEO also completed eight preliminary inquiries in the telecommunications, pharmaceuticals, and transportation sectors, four of which became verified complaints that were processed and investigated promptly.

To strengthen efforts in competition policy enforcement, the PCC set up a digital forensics laboratory for electronic evidence of cartels and abuse of dominance, plus an online screening tool to detect bid-rigging in public procurement.

The expiry of provisions in the Bayanihan to Recover as One Act that restricted the merger review powers of the PCC led to an increase in the number of merger notifications received. The Mergers and Acquisitions Office (MAO) approved three merger cases and recommended two *motu proprio* cases to the Commission *en banc*. The MAO also received 28 requests for letters of non-coverage of merger transactions and conducted 17 pre-notification consultations.

Emphasizing the significance of competition policy through advocacy and research

As part of the agency's goal of establishing a pro-competitive environment for businesses and consumers, the Communications and Knowledge Management Office (CKMO) conducted 37 advocacy activities, which include regional roadshows, multisectoral fora, campus tours, and webinars on the Philippine Competition Act (PCA) involving the business community, academe, government, and the public in the conversation about market competition and competition law.

Moreover, the Legislative Liaison Office participated in 27 Congressional hearings and submitted 14 position papers to the Senate and House of Representatives

to provide a competition perspective in pressing policymaking matters.

Meanwhile, the Economics Office completed seven market studies and two competition impact assessments and policy reviews. The market studies dissected competition issues in the services, telecommunications, bus transport, internet service provider (ISP), and pharmaceuticals industries.

The PCC likewise conducted the 2022 edition of the Manila Forum on Competition in Developing Countries in February, which highlighted the pivotal role of competition policy in economic recovery. Later in September, the Commission hosted the 17th East Asia Top Level Officials' Meeting on Competition Law and Policy and the 14th East Asia Conference, which gathered government officials, business leaders, competition professionals, and researchers to exchange views and ideas on the implementation of competition law and policy in East and Southeast Asia, and the role of such in the growth of economies.

The CKMO also launched new courses in iCLP, PCC's online learning hub on competition law and policy. These courses were "Levelling the Playing Field through the National Competition Policy (NCP): A Blended Learning Course for Government Agencies" and "Making Markets Work for Consumers." Over 100 participants have signed up in each of the courses.

In 2022, the PCC opened its second investigation station (i-Station) in Legazpi City, following the success of the establishment of the PCC Baguio i-Station in 2021. The agency seeks to deliver its enforcement, research, and advocacy initiatives in areas outside of the Philippines' National Capital Region.

Moreover, as the Commission continues to recognize the significance of the whole-of-government effort in mainstreaming competition policy, the PCC partnered with the Local Government Academy to cascade relevant information about the NCP to newly elected officials. The Commission also forged a partnership with the Legal Education Board to promote competition law to the legal academe.

The agency also inked partnership agreements with the National Privacy Commission, the National Bureau of Investigation, and the Governance Commission for Government-Owned or -Controlled Corporations to identify competition concerns in their respective jurisdictions and determine the appropriate response.

And to ensure that the PCC's conduct of its mandate is on a par with international standards, the Commission maintained its status as an ISO 9001:2015-certified agency for its quality management system for all core and support services. The PCC's Accounting Division was also awarded as one of the Outstanding Accounting Offices for Fiscal Year 2021 by the Association of Government Accountants of the Philippines, Inc..

Cementing the place of competition policy in the new normal

There is much work to be done in ensuring a market that is free of anti-competitive behavior and practices. With this, the PCC remains steadfast in enforcing the PCA, starting with its priority sectors for 2023: food and agriculture, water, energy, electricity, health and pharmaceuticals, telecommunications, and e-commerce.

The PCC is fully committed to responding to the aftereffects of the disruption brought about by the COVID-19 pandemic. For 2023, we aim to conclude all cases and matters that have been pending before the Commission while intensifying our enforcement efforts in the abovementioned sectors. We shall also continue to monitor the compliance of parties to their voluntary commitments and publish our guidelines for reviewing non-horizontal mergers. Likewise, we target to expand our efforts in advocacy through activities, partnerships, and educational campaigns in various platforms.

While abuse of dominance and other anti-competitive practices persist, the PCC perseveres. And through waves of change, whether in leadership or policy, the public can rest assured that the PCC strives to foster competition in the market. ■

MICHAEL G. AGUINALDO

THE COMMISSION IN 2022

The PCC is composed of a Chairperson and four Commissioners. To ensure their independence and to insulate the Commission from undue external influence, all Commissioners have security of tenure and shall not be reappointed. Appointments are made by the President, and the Philippine Competition Act (PCA) requires that s/he appoints senior experts in economics, law, finance, commerce, or engineering.



ARSENIO M. BALISACAN

Arsenio M. Balisacan (Chairperson, 2016-2022) is an economist with extensive high-level policymaking practice and a well-recognized expert in Asia on economic development, inequality, poverty, antitrust, and the political economy of policy reforms.

A member of the regular faculty of the University of the Philippines School of Economics for over three decades, Balisacan served as the first chairperson of the PCC. Before his appointment, he was Socioeconomic Planning Secretary and concurrent Director-General of the National Economic and Development Authority (NEDA) from 2012 to 2016. As NEDA director-general, he served as board chairperson of the Philippine Institute for Development Studies and as the first board chairperson of the Philippine Statistics Authority and the Public-Private Partnership Center of the Philippines.

He is a lifetime member-academician of the National Academy of Science and Technology, the country's top peer-elected body serving as principal adviser to the nation on science, technology, and innovation for national development. He obtained his PhD in economics from the University of Hawaii, MS in agricultural economics from the University of the Philippines Los Baños, and BS in agriculture (magna cum laude) from the Mariano Marcos State University. ■

**Balisacan left the Commission on June 29, 2022 after his appointment as the Secretary of the NEDA under the administration of President Ferdinand R. Marcos, Jr.*

EMERSON B. AQUENDE

Emerson B. Aquende (Commissioner, 2020-2023) joined the PCC on March 5, 2020. Before that, he headed the Legal Education Board, the government agency regulating legal education in the country. He gained experience in insurance and finance as board director of the United Coconut Planters Life Assurance Corp., UCPB General Insurance Co., Inc., and its various subsidiaries.

He practiced law as a litigator and has more than 22 years of experience in the academe, 14 years of which was spent as dean of the University of Santo Tomas-Legazpi (Aquinas University) College of Law. He has taught in the University of the Philippines College of Law.

Aquende earned his Bachelor of Laws degree from the University of the Philippines, after receiving his BS degree in Commerce (legal management) from De La Salle University. ■

**Aquende's term ended on January 7, 2023.*



JOHANNES BENJAMIN R. BERNABE

Johannes Benjamin R. Bernabe (Commissioner, 2016-2023) served as a senior fellow at the Geneva-based International Centre for Trade and Sustainable Development, where he contributed in formulating and analyzing policy reforms to the international trade system. He was also an of counsel at Ocampo Manalo Law Office.

The breadth of his experience in trade regulation and economic law includes serving as a trade negotiator for the Philippines at the World Trade Organization from 1999 to 2005. He specialized in competition law and trade facilitation, among other economic policies, as a research fellow at the Center for the Advancement of Trade Integration and Facilitation.

During the 16th Congress, he served as the lead adviser to the Philippine Senate and House of Representatives on key economic legislation, which included the Philippine Competition Act. Bernabe graduated cum laude, earning a degree in economics, from the University of the Philippines, where he also subsequently finished his law degree. He pursued further studies at the University of London as a Chevening fellow and at the International Development Law Institute in Sydney, Australia. ■

**Bernabe served as PCC Officer-in-Charge from June 29, 2022 until the end of his seven-year term as Commissioner on January 7, 2023.*

MACARIO R. DE CLARO, JR.

Macario R. De Claro, Jr. (Commissioner, 2018-2022) is a CPA lawyer and has worked in companies in the fields of manufacturing, mining, telecommunications, real estate and banking and finance prior to his appointment to the PCC.

He started his career as a senior accountant in a mining company and later as a budget systems analyst at San Miguel Corporation. After passing the bar exams, he worked as a litigation and corporate lawyer in various companies before he was tapped by the Philippine National Bank as technical assistant to the President and CEO in 1995.

After his retirement from PNB in 2003, he resumed his legal and accounting professions as a consultant to real estate companies and various startup companies; and at one time served as a legal consultant to the Department of Environment and Natural Resources.

De Claro, Jr. earned a Bachelor of Laws degree (magna cum laude) from the Ateneo De Davao Law School. Prior to that, he graduated magna cum laude from the De La Salle College with a BS in Commerce, Major in Accounting. ■

**De Claro Jr.'s term ended on March 3, 2022.*





MICHAEL B. PELOTON

Prior to joining the PCC, Michael B. Peloton (Commissioner, 2022-present) was board director at the Philippine Reclamation Authority. In 2019, he was appointed as overseer of the Insurance Commission. He also served as a technical assistant at the Office of the President in 2016, and as a consultant thereafter.

Peloton has 17 years of experience in private law practice. He was also a Constitutional Law professor at the Ateneo de Davao University and IT professor at the University of Immaculate Conception.

Peloton earned his Bachelor of Laws and Computer Science degrees from the Ateneo de Davao. ■



MARAH VICTORIA S. QUEROL

Prior to joining the PCC, Marah Victoria S. Querol (Commissioner, 2022-present) was Senior Deputy Executive Secretary, with the rank of Secretary, at the Office of the President. As a technocrat, she rose from the ranks—from being technical assistant under Malacañang's Strategic Initiatives Management Office (SIMO) in 2010 to becoming Undersecretary in 2016-2022. Having served under two presidents, Querol played an instrumental role in crafting key policies of the last two administrations.

Querol is backed by experience in economics, business, and law. She obtained her Juris Doctor degree and Master of Business Administration degree at the Ateneo de Manila University, and her Economics degree at the University of the Philippines Diliman. ■

2022 BY THE NUMBERS

For the year, the Commission remained steadfast in fulfilling its role as a competition watchdog to ensure that economic gains are not lost through anti-competitive behavior.



CASE INVESTIGATIONS

- 8** preliminary inquiries completed
- 4** verified complaints investigated
- 3** proposals gathered from non-adversarial proceedings
- 2** Statements of Objections filed



POLICY ADVOCACY AND CAPACITY BUILDING

- 7** market studies on services, telecommunications, bus transport, internet service provider (ISP), and pharmaceuticals sectors completed
- 2** competition impact assessments (CIA) and full-scale policy reviews on technical training service provider and cement sectors concluded
- 27** Congressional hearings attended
- 14** position papers submitted to the Senate and House of Representatives
- 37** advocacy and capacity building activities conducted



REVIEW OF MERGERS AND ACQUISITIONS

- 7** notifications received
- Over **PHP 320 billion** combined worth of transactions received
- 3** cases approved
- 2** *motu proprio* cases recommended to the Commission *en banc*
- 28** requests for Letters of Non-Coverage acted upon
- 17** pre-notification consultations conducted



INSTITUTION BUILDING

- 192 of 244** plantilla positions filled, including 47 lawyers and 31 economists
- 85** learning and development events attended
- PCC recognized by the Association of Government Accountants of the Philippines, Inc. as **one of the Outstanding Accounting Offices for FY 2021**

REVIEWING MERGERS AND ACQUISITIONS

In 2021, the suspension of the PCC's merger review powers was lifted. Previously, Republic Act No. 11494 or the Bayanihan to Recover as One Act suspended the PCC's power to conduct *motu proprio* reviews for one year and increased the thresholds for mandatory merger notification to PHP 50 billion for both size of party (SoP) and size of transaction (SoT) for two years.

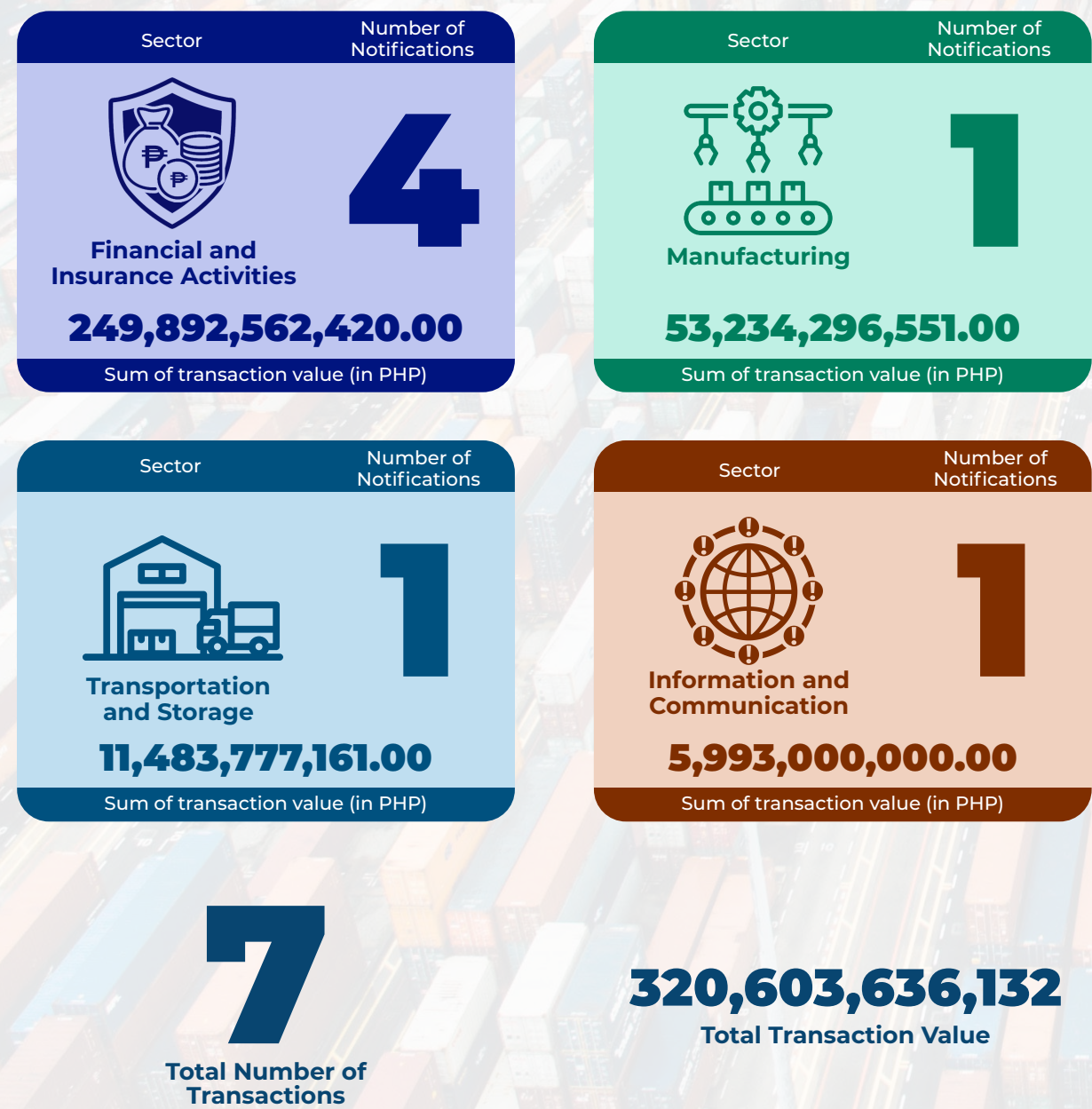
The temporary thresholds for mandatory merger notification expired on September 15, 2022; thus, the PCC provisionally set updated thresholds that reflect the economic contraction in 2020 and subsequent growth in 2021. Starting September 16, 2022, the thresholds for SoP and SoT were set at PHP 6.1 billion and PHP 2.5 billion, respectively—triggering an increase in merger notifications received by the PCC.

In 2022, the PCC received seven notifications of mergers and acquisitions (M&A) transactions, altogether worth over PHP 320 billion, of which three had been approved. The sectors with the most transactions were finance and insurance (4), followed by information and communication (1), manufacturing (1), and transportation and storage (1). Further, the PCC's Mergers and Acquisitions Office reviewed four merger cases within the reglementary period,

recommended two *motu proprio* cases to the Commission *en banc*, acted upon 28 requests for Letters of Non-Coverage, and conducted 17 pre-notification consultations.

Since the PCC began reviewing mergers in 2016 up until December 31, 2022, the Commission had gone over 260 M&A transactions, cumulatively worth PHP 5.16 trillion. ■

2022 Transaction Value and Number of Notifications Received, Per Sector



Transactions Approved in 2022

Transaction No.	Notifying Parties
M-001/2022	Union Bank of the Philippines & Citi Square Building Corporation; Citicorp Financial Services & Insurance Brokerage Philippines
M-002/2022	AC Logistics & Air 21 Holdings Incorporated
M-003/2022	AIA Philippines & Mediacard Philippines Inc.

Cumulative Transaction Value and Number of Notifications, Per Sector, (2016-2022)

Sector	Frequency of Notifications	Sum of Transaction Value (in PHP)
Manufacturing	55	1,602,766,376,660.81
Financial and insurance activities	44	982,224,400,635.49
Real estate activities	36	640,767,368,500.02
Electricity, gas, steam, and air-conditioning supply	31	785,555,098,390.03
Transportation and storage	24	301,413,150,810.31
Wholesale and retail trade; repair of motor vehicles and motorcycles	21	185,647,540,160.00
Administrative and support services	11	129,896,880,408.48
Information and communication	7	85,476,946,000.00
Human health and social work activities	6	100,286,971,114.00
Accommodation and food service activities	5	9,680,265,080.00
Water supply, sewerage, waste management and remediation activities	5	154,737,297,873.00
Agriculture, forestry and fishing	5	9,452,108,205.00
Education	4	15,603,035,949.68
Mining and quarrying	3	101,086,401,172.00
Construction	3	57,545,013,784.00
Grand Total	260	5,162,138,854,742.82

COMPLIANCE WITH M&A COMMITMENTS TRACKED

The PCC monitored the compliance of ride-hailing service provider Grab Philippines and glass industry player TQMP Glass Manufacturing Corp. with their respective voluntary commitments.

Pursuant to the provisions on monitoring driver incentives in the extended undertaking of Grab, the PCC, through the assistance of technical experts, has designed an Incentives Monitoring Framework to determine whether Grab's driver incentive programs are in line with Grab's commitment to maintain a competitive market for transportation network vehicle service drivers and avoid operating policies or incentives structures that may lead to driver exclusivity.

Considering the lack of a viable competitor and the lingering competition concerns in the ride-hailing market brought about by Uber's exit, the Commission found it necessary to bind Grab to non-exclusivity, service quality, and pricing commitments for the benefit of the riding public.

As for TQMP, the PCC tracks its adherence to the commitments in its undertaking, through the receipt, evaluation, and analysis of regular data submissions and research and/or requests for information necessary to determine the company's compliance with its commitments. ■



OECD TAPS PCC MERGERS CHIEF FOR WORKSHOP ON DIGITAL PLATFORMS



PCC Mergers and Acquisitions Office Director Krystal Lyn T. Uy shared the Philippines' experience and expectations in dealing with competition in digital markets during the "Virtual Workshop on Competition for Digital Platforms."

Uy narrated the structural change in consumer pattern, which was leaning toward digitalization. "Due to the pandemic, we've seen that consumer behavior in the Philippines is shifting. You have e-commerce, digital retail payments, digital banking, digital advertising," Uy said.

The PCC has been preparing for the advent of digital cases by bolstering the capacity of its merger reviewers and competition enforcers and investigators to handle such cases. "We expect that there will be an uptick in cases involving digital markets, and we are actively capacitating ourselves as competition authority on how to assess these issues in these markets," Uy said.

Uy served as one of the resource speakers during the second day of the three-day workshop organized by the Organisation for Economic Co-operation and Development/ Korea Policy Centre on April 19-21. ■

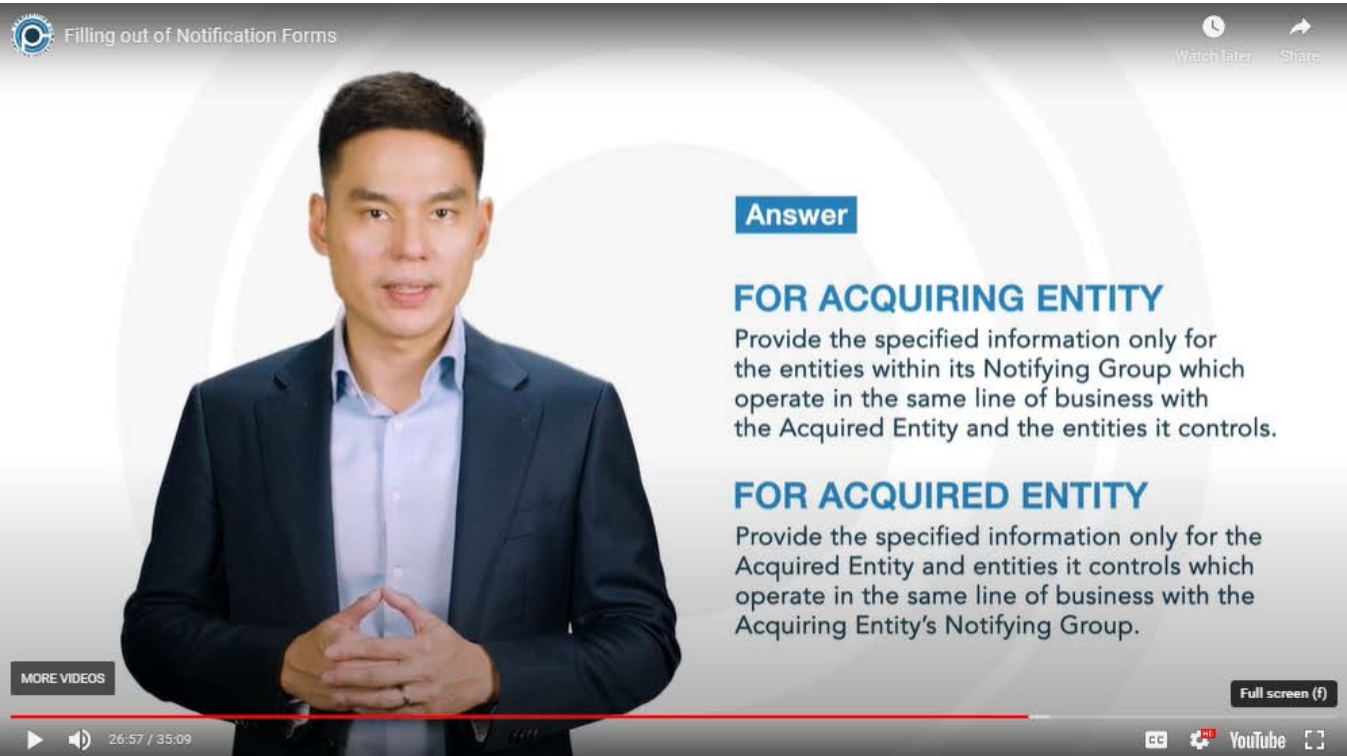
TRAINING MODULES ON MERGERS ROLLED OUT

The Mergers and Acquisitions Office (MAO) has produced training modules in aid of improving awareness, particularly of businesses and legal firms, on MAO's merger procedure.

This initiative comprises dissemination of said modules in two phases. Completed in 2022, the first phase covers the following topics: pre-notification consultation, accomplishment and submission of notification forms, and conduct of sufficiency determination of filed transactions.

The second phase will commence in 2023, focusing on modules that explain the concepts defined under the PCC's merger review guidelines, including MAO's processes under Phases 1 and 2 reviews.

Modules released in the past year are available for public streaming on PCC's social media pages. ■





ENFORCING COMPETITION POLICY

The PCC devoted its enforcement efforts to sectors most relevant during the pandemic, namely, e-commerce, health and pharmaceuticals, food and agriculture, energy and electricity, insurance, construction, water, and telecommunications.

The investigations on these sectors prompted the PCC's Competition Enforcement Office (CEO) to file two Statements of Objections (SOs) involving the food and agriculture industries. In addition, the CEO instituted non-adversarial proceedings and gathered three proposals to address the conduct in the telecommunications sector.

The PCC processed four verified complaints from eight preliminary inquiries commenced in the past year. These verified complaints eventually triggered investigations into possible cartels and abuses of dominance in the telecommunications, transportation, and pharmaceuticals sectors. These actions underscore the importance of the public's support for the agency's enforcement actions.

To keep up with the emerging trends of the digital economy, the Commission has put in place new enforcement tools to expand its capacity to detect, investigate,

and prosecute anti-competitive conduct. Foremost of these tools is the PCC's digital forensics laboratory composed of specialized forensics equipment, software, and other tools for investigators. It aims to maximize the use of electronic evidence for the prosecution of cartels or those entities that abuse their market dominance. PCC's investigation agents have attended training programs and have undergone accreditation on the use of digital forensics equipment.

Likewise, the PCC developed an online screening tool to detect bid-rigging in public procurement. This tool, which uses algorithms to analyze data and identify bid-rigging red flags, shall be initially rolled out for pilot-testing among select government agencies that have access to large procurement data. Both the digital forensics lab and the bid-rigging tool are expected to significantly improve the PCC's case-buildup and increase the number of cartel prosecutions in the coming years.

With respect to the procedural aspects of enforcement, the PCC updated its rules of procedure. Through a Commission Resolution *en banc*, the PCC revised its rules in operationalizing applications for consent orders. It is expected to abbreviate investigations and to encourage entities to address competition issues in favor of consumer welfare. ■

DIGITAL FORENSICS LAB RAMPS UP ENFORCEMENT

Digitalization has transformed how businesses operate on a day-to-day basis. Companies communicate using digital platforms, as well as create, store, and process electronic data for information exchanges. Competition authorities worldwide are expected to fine-tune traditional investigative tools to adapt to these technological shifts. In keeping with international best practices and global trends, the PCC strengthened its enforcement capabilities by employing information technology (IT) in data processing through its digital forensics laboratory.

“The development of PCC’s digital forensics capacity is a major asset for our enforcement team. The use of digital forensics allows our investigators to uncover trails of electronic transactions or documents that point to cartels or collusions,” said PCC Officer-in-charge Johannes Benjamin R. Bernabe in an official press release in August.

The Competition Enforcement Office handles pieces of evidence from various sources; e.g., computers, smartphones, remote storage, and IT systems and platforms. With the establishment of its digital lab, the PCC ensures the accuracy

and integrity of secured digital evidence and maximizes its use in the course of investigation and possible prosecution.

Since the digital forensics laboratory contains specialized equipment, software, and other tools for investigators, the PCC also invested in equipping its human capital with the know-how to use the specialized software and equipment.

In the past year, competition enforcement officers underwent a digital forensic software training program, which was coursed through the Asian Development Bank-funded Government Staff Development Program for Competition Law and Policy. The software is an essential tool in the conduct of dawn raids because it enables them to process, review, and archive volumes of documents and information which may be gathered during investigations. It also allows for the parsing of emails and communications in an orderly, systematic manner.

Under the Philippine Competition Act, the PCC is empowered to conduct unannounced inspections of premises upon court order, or dawn raids, as part of its enforcement mandate. ■

ONLINE SCREENING TOOL DEVELOPED TO MONITOR BID-RIGGING

Although the conduct of public procurement was intended to create a level playing field among prospective bidders through transparency, fairness, and open competition, collusive tendering may still distort the bidding process, thereby depriving taxpayers and consumers of better value for their money. To counter this, the PCC developed an online tool which allows for a more proactive approach in deterring cartels.

In 2022, the PCC developed a bid-rigging screening tool which facilitates the detection of potentially anti-competitive activities in public procurement. The tool detects red flags which may point to the existence of collusive tendering practices. Its comprehensive, reliable database will be useful in ensuring accountability for public resources, thus improving government procurement operations.

In developing this tool, the PCC studied the country experiences of the UK Competition and Markets Authority (i.e., screening for cartels tool) and Korea Fair Trade Commission (i.e., bid-rigging indicator analysis system or BRIAS), which have their own screening tools.

The PCC’s screening tool captures data from government agencies’ procurement

activities. The captured data pertain to information required in the bid form templates per the rules and guidelines of the Government Procurement Policy Board.

The data shall be evaluated using the tool’s algorithms to detect red flags such as: 1) tenders with three bidders or fewer, 2) tenders with only one bidder, 3) winning bid as an outlier (i.e., too low), 4) similar prices across bids, 5) winning bid to budget ratio, and 6) mode of procurement, such as negotiated procurement due to two failures of bidding.

The existence of red flags may prompt PCC investigators to conduct assessments, with the following criteria: 1) very high text similarity in losing bids, 2) prices look made up, 3) same authors of bid documents, 4) low effort in the creation of bid documents of losing bid, 5) similar text and word count in losing submissions, 6) typical cartel (i.e., low number of bidders and made up prices), 7) made up prices and outlier (in a single tender), 8) low effort and high prices (in a single tender), and 9) historical data analysis.

The PCC envisions the screening tool to be available to the public, particularly to private companies and their procurement offices, to assist in their detection of bidding anomalies in the private sector. ■




ADVANCING COMPETITION THROUGH POLICY RESEARCH

The PCC's economic research activities are based on the public's most pressing concerns in the market. They provide critical insights for the Commission's decision on cases, support enforcement efforts, and help shape advocacy programs. The research carried out by the agency in 2022 addressed competition concerns in priority sectors and other industries with significant impact on competition and welfare.


With this, the Commission commenced work on several market studies in the past year, analyzing different sectors and their value chain to identify potential competition issues. The PCC's Economics Office also carried out research projects on electricity, micro, small, and medium enterprises, and rice. Published papers and other information, education, and communication materials may be accessed through the resources section of the PCC website: <https://phcc.gov.ph/>.

Market studies:


Competition in the Philippine Services Sector: A Scoping Study

 Through a structure, conduct, and performance framework, this study scanned the firms in the services sector and analyzed the determinants of market concentration, such as e-commerce sales, growth in the number of establishments, and expenditure for research and development. The study concluded with a ranking of industries in the services sector to guide the PCC in the conduct of more in-depth studies.


Telecommunications Market Study: Wholesale

 This market study probed the wholesale segment of the telecommunications industry and showed that policy advocacy activities may play a key role in supporting the enforcement and review of telco-related legislation. To check for anti-competitive behavior in the market, the research suggested the monitoring and investigation of business practices of large firms when dealing with the supply of bandwidth.


Telecommunications Market Study: Retail

 This research examined the landscape of the retail segment of the telecommunications industry, which includes its history, responses to impacts made on the value chain, regulatory policies, and contribution to competition in the market. The study used the structure, conduct, and performance framework in analyzing the dynamics of the industry and incorporated key perspectives from a telecommunications marketing practitioner's point of view, price segmentation schemes, reactions to marketing efforts of competitors, and incentives for coverage and service quality improvement.


Market Study on the Spectrum Management of the Telecommunications Sector of the Philippines

 The study found that the spectrum allocation limited the entry of new players in the market. Spectrum auction and licensing practices by the regulators were not able to foster market competition as incumbent players were inefficiently using their allocations. This resulted in the sluggish adoption of new technologies at the expense of end-users of telecommunications services. This study recommended creating a policy framework for spectrum management that harmonizes existing socioeconomic development goals with the National Broadband Plan.


Bus Transport Rapid Market Study

 Potential competition issues that emerge from recent reforms in the bus transport sector in the Greater Manila Area were examined in this study. It analyzed policies on franchise consolidation and rationalization as well as entry and operation of point-to-point and regular buses. The researchers recommended a review of routes, discussion of medium- to long-term plans with stakeholders, and survey of possible anti-competitive agreements in the integrated terminal exchange (ITX) market.

Internet Service Provider (ISP) Rapid Market Study

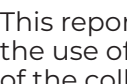
 This research was centered on the private processes and government regulation regarding the entry of internet service providers (ISP) in residential developments. Future cases on ISP exclusivity may benefit from this study as it suggested the citation of residential development as the narrow geographic market. It also recommended inter-agency dialogues on guidelines for entry of utilities, creation of a role that oversees utility exclusivity-related concerns, and regulation on consumer protection in condominium development.

Pharmaceutical Competition in the Philippines

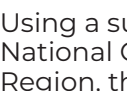
 This discussion paper examined the relationship between the entry of generic drugs, branded generic drugs, and branded non-originator drugs. It also determined if prices are reduced based on entry of such drugs in the market. It used a panel data analysis of anti-diabetes, anti-infectives, cholesterol, and hypertension therapeutic classes from 2000 to 2020 and concluded that consumers benefit from an increase in the number of players in the market.

Research projects:

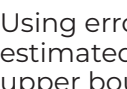
APEC Capacity Building on Data Science Tools for Sector Regulators and Competition Authorities: A Project Summary Report

 This report provided detailed information on the development of a toolkit on the use of data science for competition assessment. It contained an overview of the collection and analysis of data and highlighted the inputs and survey feedback gathered from the conduct of a capacity-building workshop for sector regulators and competition authorities in the APEC region.

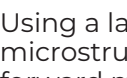
Competition and SMEs: Responses, Effects, and Trends

 Using a survey of 150 small and medium enterprises (SMEs) from the National Capital Region and Cavite, Laguna, Batangas, Rizal, and Quezon Region, this study was aimed at determining the intensity of competition faced by SMEs, identifying how SMEs respond to and are affected by competition, and defining how SMEs fare in terms of competitiveness indicators.


Market Power in Rice Markets: Error Correction Modelling on Palay and Rice Prices

 Using error correction modelling on national palay and rice prices, this paper estimated market power in rice markets. Results of the paper pointed to an upper bound buyer power at the national level of traders and millers.

Competition in Electricity Forward Markets: A Laboratory Experiment in Aid of Improving Market Design in the Philippines

 Using a laboratory experiment as a testbed for alternative market microstructures, this study examined the welfare effect of introducing a forward market for electricity.

In 2022, the PCC likewise conducted competition impact assessments and full-scale reviews of legislation, policies, and programs, to ensure that laws and regulations are guided by competition principles. Particularly, PCC conducted the following reviews:

 **Competitive Neutrality Analysis of TESDA Technical Vocational Education and Training Programs**

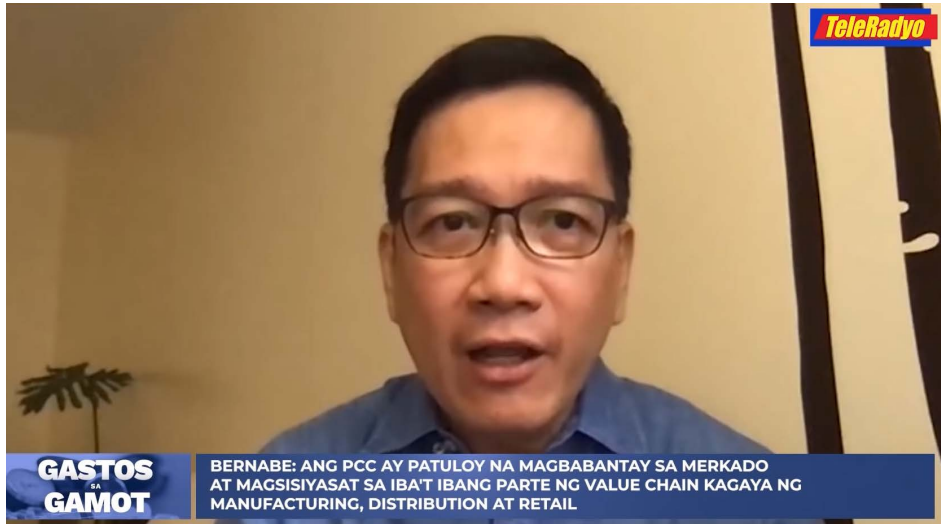
Conducted data analysis to know whether the Technical Education And Skills Development Authority (TESDA) violated the principles of competitive neutrality set forth under the National Economic and Development Authority-PCC Joint Memorandum Circular 01-2020 and Administrative Order No. 44. It also offered advice on how TESDA can improve its operations for budgeting purposes.

 **Proposed Extension of Safeguard Duty and Imposition of Anti-dumping Duty Against Importation of Cement Products**

Drafted a position paper on the merits of the following proposed measures: (i) the extension of the safeguard duty on cement products imported from various countries under the Department of Trade and Industry's Department Administrative Order (DAO) No. 19-13, as modified by DAO Nos. 20-08 and 21-02; and (ii) the imposition of a definitive anti-dumping duty on cement products imported from Vietnam in relation to TCI (AD) No. AD-2021-OC-Cement. ■



PRICE REGULATION, COMPETITION IN PHARMA INDUSTRY IN FOCUS



PCC Commissioner Johannes Benjamin R. Bernabe served as a panelist in a webinar on the Philippine pharmaceutical industry titled “Gastos sa Gamot” on March 31.

The special program, hosted by DZMM TeleRadyo, cast light on the issues that both manufacturers and consumers face, particularly the price of medicines and other pharmaceutical products.

The PCC’s issues paper on the country’s pharmaceutical industry, which looked into the challenges in the industry and its regulation, set off the discussion. The paper noted the decrease in the number of manufacturers despite the growing demand for healthcare products, as well as the high prices of drugs in the Philippines compared to those of neighboring Asian countries.

Bernabe underscored the commitment of the PCC to not just push for lower prices of medicines, but also improve citizens’ access to affordable drugs. According to him, generic drugs had increased in market share, thus there were more choices for consumers. However, the value of such generic drugs was overshadowed by that of more well-known brands and by bigger pharmaceutical companies, either through advertising or through sponsorship of physicians who prescribe their products.

The program also included a brief feature on the work of the PCC’s Pharmaceutical Technical Advisory Group, whose experts recommended pooled procurement and price regulation to address drug purchase woes.

As the Philippines ranked the highest in terms of out-of-pocket expenses for health (i.e., expenses not covered by insurance) in the ASEAN region, Bernabe raised the possibility of pooled procurement, where several buyers consolidate their purchase of drugs, to level the playing field and to address high drug prices.

He reiterated the agency’s commitment to monitoring the market and investigating the value chain to ensure that there is no abuse of dominant position or cartel which can harm consumers. Bernabe said the PCC coordinates with the Department of Health (DOH) and the Department of Trade and Industry, as well as with other stakeholders for the implementation of policies that will help control drug prices and provide better access to drugs.

Dr. Anna Melissa Guerrero, chief of the DOH Pharmaceutical Division, and Dr. Beaver Tamesis, president of the Pharmaceutical and Healthcare Association of the Philippines, joined Bernabe in the webinar panel. ■



HARNESSING THE POWER OF DATA SCIENCE FOR COMPETITION ASSESSMENT

In recognizing the potential of data science in enforcing competition law and policy, the PCC teamed up with the Asia-Pacific Economic Cooperation (APEC) to develop a data science toolkit for competition assessments.

Intended for regulators and competition authorities, the toolkit makes use of big data to assess and monitor markets effectively. Particularly, the toolkit is envisioned to help its users track anti-competitive practices and abuse of dominance in markets.

The toolkit offers techniques for data gathering, cleaning, and analysis, as well as discusses their strengths and limitations.

On March 23, the PCC and the APEC organized a virtual capacity-building workshop for the Data Science for Competition Policy toolkit with over 300 participants, including representatives from competition authorities within the APEC region. ■

ANTITRUST-TECHNOLOGY NEXUS DISCUSSED DURING PCC-DICT-USAID TIKTALKS

A whole-of-government approach and stakeholders' efforts can contribute to fostering competition in the Philippine technology space. In the past, the country suffered from a relatively uncompetitive telecommunications industry. However, through joint efforts and public support, the PCC pushed for a more competitive telecommunications sector, thereby benefiting the public.

"Through no small effort, reform-minded advocates within and outside of government have made significant progress towards opening the sector up to greater competition, resulting in faster speeds and better connections, as consumers—that is, all of us—benefit from greater choice," PCC Chairperson Arsenio Balisacan said in his keynote speech during the webinar titled Technology, Innovation, Knowledge Talks (TIKTalks).

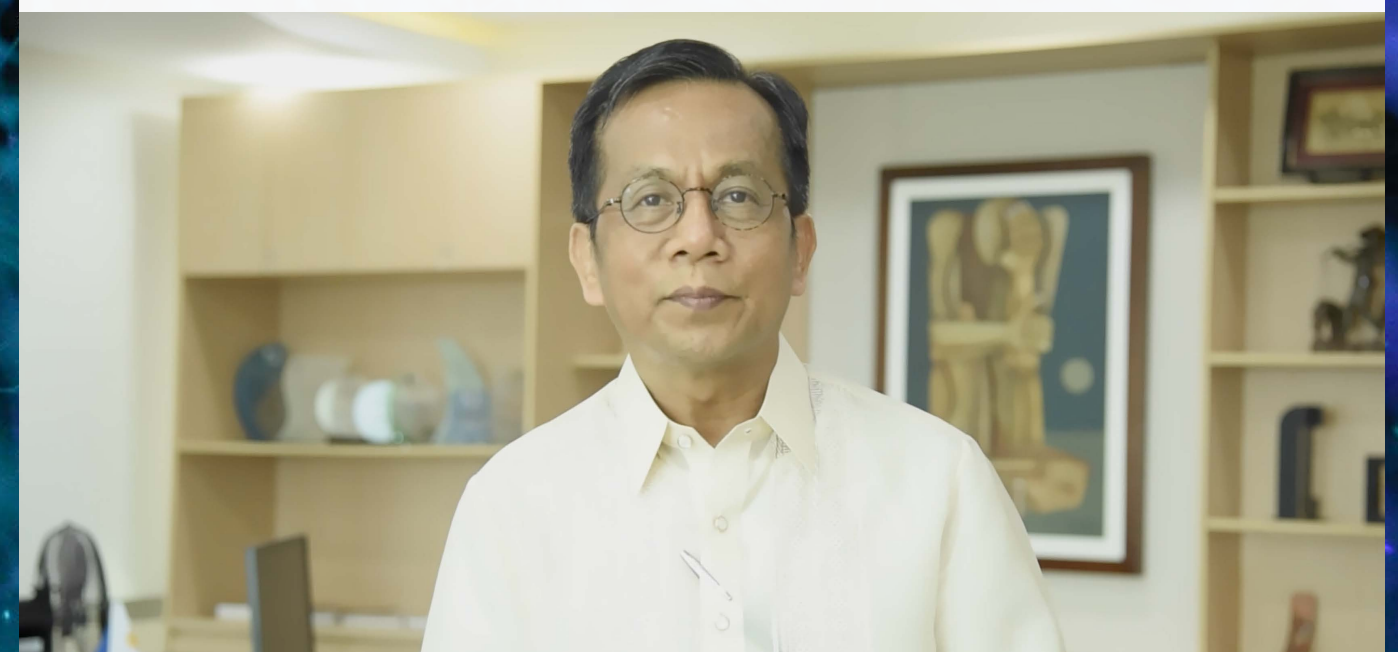
In the digital age, connectivity plays a quintessential role not only in business, but also in education, labor, health, and finance, among others. "Information and communications technology (ICT) is an enabling tool with a multiplier effect on

opportunities that can result in numerous development dividends," Balisacan said.

Because of ICT's varied applications and impact across key Philippine sectors, United States Agency for International Development (USAID) Philippines Office of Economic Development and Governance Chief Jeff Goebel noted the country's potential as a leader in the digital economy landscape.

"We have witnessed the unprecedented growth of the digital economy and the positive impact of digital technologies across all sectors of the economy. This is a global boom, but one wherein the Philippines can certainly position itself to be a true regional and even global leader," Goebel said.

TIKTalks was organized on April 5 via Zoom by the USAID-Better Access and Connectivity, in partnership with the PCC and the Department of Information and Communications Technology. It was aimed at presenting ideas and perspectives on various ICT trends to inform the government's ICT policy and legislative agenda. Over 900 people attended the virtual event. ■



TIK Talks

Technology, Innovations, Knowledge Talks
An Online Conference on ICT-related Trends





STRENGTHENING PARTNERSHIPS FOR A FAIRER POST-PANDEMIC RECOVERY

As the country emerges from the COVID-19 pandemic with businesses recovering and adapting to the new normal, the PCC ramped up its advocacy efforts to reach various stakeholders and rally them around upholding competition principles.

With the lifting of mobility restrictions, the PCC calibrated its return to onsite activities by adopting a hybrid approach that combined the best use cases for face-to-face and online engagements. At the same time, the Commission sustained its social media campaigns, as the new normal signaled a society-wide pivot towards digitalization.

The PCC's hybrid approach informed its various advocacy initiatives, with some held fully onsite and still others remaining in the online space. The Commission also expanded its on-demand online learning hub to cater not only to the private sector, but also to the growing number of government agencies looking to learn competition policy in line with the rollout of the National Competition Policy (NCP).

Besides its micro advocacy initiatives with partner stakeholders, the PCC also sustained its macro campaigns, which involved a combination of organic and paid social media, as well as the dissemination of information, education, and communication (IEC) materials, which leveraged on the national reach of other line agencies. For the latter, the PCC began tapping the Department of Trade and Industry's (DTI) network of Negosyo Centers, and the Department of Interior and Local Government for help in distributing IECs in local business permit and licensing offices (BPLOs).

The PCC's Communications and Knowledge Management Office held 37 advocacy and capacity building activities in the past year which were tailored for businesses, the academe, government, and other stakeholders. These included regional roadshows, multisectoral fora, campus tours, webinars, workshops, and conferences which primarily discussed competition law and policy and its benefits to consumers.

Advocacy and Communication Activities, 2022

ADVOCACY ACTIVITIES	DATE
2022 Manila Forum on Competition in Developing Countries	February 3-4
Webinar on the PCA and its IRR for Philippine Industries for the Philippine Retailers Association	February 23
Webinar on the PCA and its IRR for Philippine Industries for the Philippine Chamber of Commerce and Industry-Aklan	March 17
Webinar on the PCA and its IRR for Philippine Industries for the Philippine Business Coalition for Women Empowerment	March 29
Webinar on the PCA and its IRR for Philippine Industries for the Philippine Franchise Association	April 1
TIK (Technology, Innovation, Knowledge) Talks: An ICT Trends Conference	April 5
Multisectoral Forum on the PCA and NCP for the Cordillera Administrative Region	April 28
Multisectoral Forum on the PCA and NCP for Bicol Region	June 2
Online Regional Roadshow on Competition Law and Policy for Caraga Region	June 29
Making Markets Work for Consumers Online Course	June 30
Strengthening Partnerships with Other Government Agencies (SPOGA) for Commission on Audit	July 29
Virtual Campus Tour on Competition Law and Policy for the Manuel L. Quezon University College of Law	August 13
Webinar on the PCA and the NCP and Stakeholders Meeting on the PCC Study on Market Competition in the Coconut Sector	August 15
Online Regional Roadshow on Competition Law and Policy for MIMAROPA	August 17
Competition Law and Policy Career Day	September 19
17th East Asia Top Level Officials' Meeting on Competition Policy (EATOP)	September 28
14th East Asia Conference on Competition Law and Policy (EAC)	September 29
Virtual Campus Tour on Competition Law and Policy for the De La Salle University Tañada-Diokno College of Law	October 8
Campus Tour on Competition Law and Policy for the University of San Carlos College of Law	October 12
Webinar on the PCA and the Functions of the PCC for DTI Lanao Del Norte Provincial Office	October 12
Multisectoral Forum on the PCA and NCP for Central Visayas	October 13
Annual Philippine Economic Society (PES) Meeting and Conference	November 9
PCC-PCCI FGD on Competition Compliance Toolkit	November 10
Strengthening Partnerships with Other Government Agencies (SPOGA) for Philippine Government Electronic Procurement System (PhilGEPS)	November 25
Workshop on Linking Competition Policy, Economic Recovery, and Resilience: Benefits to MSMEs (in partnership with UNCTAD and DTI-BSMED)	November 28
EXTERNAL CAPACITY BUILDING ACTIVITIES	DATE
Capacity Building Workshop on Data Science Tools for Sector Regulators and Competition Authorities amidst the New Normal	March 23
Competition Impact Assessment (CIA) Module at DAP's Regulatory Impact Assessment Training 16th Batch	March 29-31 and April 5-7

Introductory Module on Competition Law and Policy for LGUs in Region 1 (in partnership with DILG-LGA)	March 30
CIA Module at DAP's Regulatory Impact Assessment Training for DENR-EMB	June 13-16
Orientation Seminar on the Criminal Enforcement of the Philippine Competition Act for DOJ Prosecutors and Investigators	June 16
Levelling the Playing Field through the National Competition Policy: A Blended Learning Course for Government Agencies	July 20
CIA Module at DAP's Regulatory Impact Assessment Training for ARTA-priority agencies	September 14 and 16
CIA Module at DAP's Regulatory Impact Assessment Training 18th Batch	October 12
CIA Module at DAP's Regulatory Impact Assessment Training 19th Batch	November 8-10
USFTC Seminar on the Framework for Analysis of Competition Cases for the Philippine Judiciary	December 5
19th Advanced Regulatory Impact Assessment (RIA) Course	November 7-11, 16
PCC i-Station Conference on Market Competition in the Food and Agriculture Sector	December 13



In partnership with the National Economic and Development Authority (NEDA) and the DTI, the PCC hosted regional roadshows in areas outside the National Capital Region to raise awareness on the antitrust watchdog's functions. Said initiatives were co-organized with regional development councils (RDCs) and attended by line agencies, local government units (LGUs), and private sector members of RDCs.

The PCC also organized various multisectoral fora in Baguio, Albay, and Cebu. Attended by LGUs, consumer groups, and business chambers and retailers, these projects not only aim to discuss competition-related issues, but also gather possible case leads and find ways to improve the interface between the PCC and local stakeholders. The establishment of PCC investigation stations (i-Stations) in the cities of Baguio and Legazpi, also provided

an opportunity for the PCC to disseminate its IECs to local stakeholders.

To drum up interest in competition law and policy in the legal academe, especially among law students, the PCC conducted three campus tours in 2022. The campus tours in De La Salle University Tañada-Diokno College of Law and Manuel L. Quezon University College of Law were held virtually, while the campus tour in University of San Carlos College of Law was conducted onsite. Moreover, through a partnership with the Legal Education Board (LEB), the PCC co-organized a Law Career Day to introduce competition law as a viable field for legal specialization. The partnership with LEB also birthed other projects such as the Moot Court Competition on Competition Law and Policy, as well as the development of a post-graduate course on antitrust.

The PCC likewise rolled out online course offerings for consumers and colleagues in the government. With over a hundred registered participants, "Making Markets Work for Consumers", a virtual module designed for the general public, aims to acquaint stakeholders with the basics of market competition, the Philippine Competition Act, and the PCC. Another digital learning program titled "Levelling the Playing Field through the National Competition Policy (NCP): A Blended Learning Course for Government Agencies" was designed for the executive branch, as Administrative Order No. 44, s. 2021 directs line agencies, government-owned or-controlled corporations, and LGUs to implement the NCP. ■

CONSULTATION ON FARM SECTOR ISSUES HELD IN BAGUIO CITY

Recognizing the importance of the agriculture sector to the economy, the PCC, through the Office of Commissioner Marah Victoria S. Querol and the Communications and Knowledge Management Office, conducted in December a consultation on market competition in Baguio City, the agri-distribution hub of the Cordillera Administrative Region.

The consultation gathered over 200 participants representing various government agencies, cooperatives, trade associations, and other private stakeholders. The forum sought to raise awareness on competition law and policy, identify competition issues in the food and agriculture sector of the region, and develop mechanisms to be used by the PCC and other government agencies in addressing stakeholders' concerns.

Resource persons from the Department of Agriculture, Department of Trade and Industry, and Cooperative Development Authority discussed the programs of their

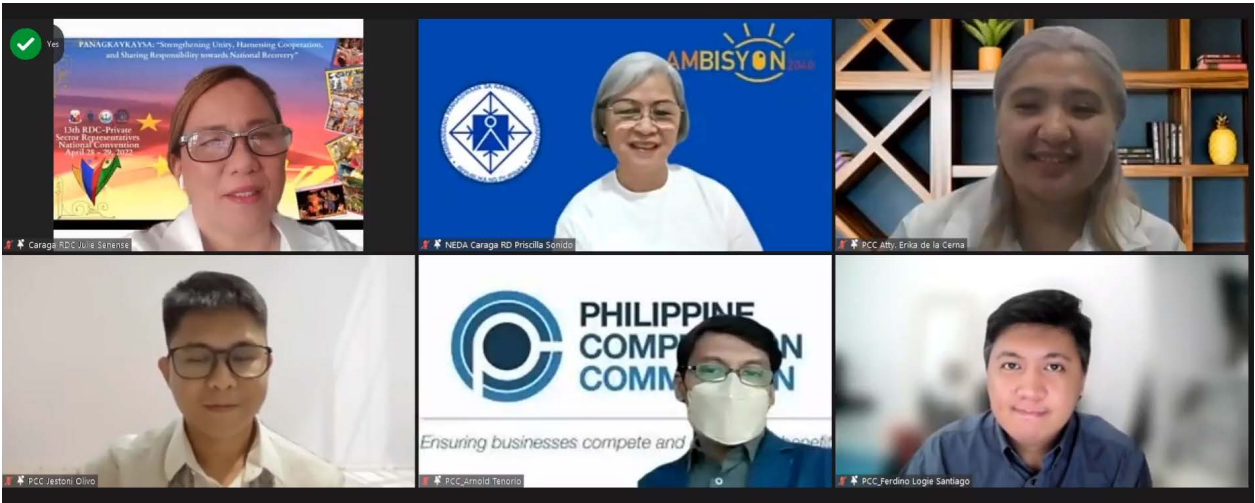
respective agencies and highlighted the significance of the whole-of-government approach in fostering competition in the agriculture sector. The panel discussions were followed by a focus group discussion, during which farmers, producers, and members of cooperatives and trade associations raised concerns about market issues affecting the sector.

Three main challenges were identified during the said consultation: a) traders offering lower prices to farmers; b) difficulties with credit, financing, and licensing; and c) operational issues concerning the machines and logistics provided to farmers.

Many farmers expressed concern over the prices at which their products were bought, describing them as unfairly low, and appealed for more mechanisms for their protection from unreasonable market prices. These issues and concerns were presented during the plenary session where the resource speakers had the opportunity to respond and discuss possible solutions. ■



ONLINE ROADSHOW TO CARAGA



As part of efforts to mainstream competition law and policy across the Philippines, the PCC conducted the Caraga leg of its Online Regional Roadshow on June 29 via Zoom and Facebook Live.

The roadshow featured an overview of the Philippine Competition Act (PCA) and the National Competition Policy (NCP), as well as information on the relevance of market competition to regional development for the benefit of consumers and businesses.

The public event, co-organized with the Caraga offices of the National Economic and Development Authority and the Department of Trade and Industry, virtually gathered

over 100 stakeholders in the Caraga region, including consumer and business groups, micro, small and medium enterprises, cooperatives, local government units, line agencies, and representatives from the academic and legal communities, among others.

Representatives from the PCC presented the benefits of competition, agency mandates on enforcement and merger reviews, notification processes, and prohibited acts under the PCA. Executive Director Kenneth V. Tanate closed the program and enjoined both businesses and consumers in the Caraga region to comply with the PCA and help foster a culture of competition. ■

RETURN TO IN-PERSON ADVOCACY KICKS OFF WITH CAR REDUX

A multisectoral forum on the Philippine Competition Act (PCA) and the National Competition Policy (NCP), organized in partnership with the National Economic and Development Authority (NEDA) Regional Office in Cordillera, was held on April 28 in Baguio City.

The forum marked the PCC's return to in-person advocacy since the pandemic began in 2020. It was also the Commission's second advocacy activity for the Cordillera Administrative Region (CAR) after mounting an online Regional Roadshow in 2021. Attended by members of the regional development council (RDC) and representatives from the business sector, academe, and the legal community, the forum started the rollout of the NCP, pursuant to Administrative Order No. 44, s. 2021, directing government agencies to adopt and implement the competition policy.

NEDA-CAR Assistant Regional Director Stephanie Christiansen and PCC Executive Director Kenneth V. Tanate delivered the welcome messages. PCC Communications and Knowledge Management Office Director Arnold D. Tenorio gave a brief



refresher of the PCA, the PCC's role, and the benefits of competition, while Lenvic Elicer Lesigues of PCC's Investigation Division discussed competition enforcement, with emphasis on anti-competitive agreements and abuse of dominance.

In line with the rollout of the NCP, PCC Economics Office Director Benjamin E. Radoc, Jr. discussed the new competition policy contained in the NEDA-PCC Joint Memorandum Circular 01-2020, which aims to ensure that government interventions follow competition principles. To help government agencies diagnose their competition policy readiness, Radoc presented PCC's competition impact assessment tool. ■

CAMPUS TOUR GOES TO MORE SCHOOLS



The PCC covered more ground as it brought its campus tour series on competition law and policy to Manuel L. Quezon University-School of Law (MLQU-SOL) on August 13, De La Salle University Tañada-Diokno College of Law (DLSU-TDCOL) on October 8, followed by the University of San Carlos - School of Law and Governance (USC-SOLG) on October 12.

The PCC discussed special topics on competition law and economics for law students from the three universities. Besides an overview of the Philippine Competition Act (PCA), PCC officials and staff tackled the benefits of competition, anti-competitive agreements, abuse of dominance, and mergers and acquisitions.

More than a hundred law students, alumni, and faculty members from the MLQU-SOL, led by Dean Ferdinand M. Negre,* and DLSU-

TDCOL, led by Dean Gil R. De Los Reyes, joined the online discussions. Meanwhile, the first onsite campus tour since the start of the pandemic was held in USC-SOLG in Cebu City. More than 200 students and faculty, headed by Dean Jose Glenn C. Capanas, participated in the exchange of information on market competition and the PCA. PCC Officer-in-Charge Johannes Benjamin R. Bernabe announced that a PCC investigation hub will be established in Cebu, where consumers can file complaints or raise issues on anti-competitive acts.

The PCC, through its Communications and Knowledge Management Office, started conducting campus tours in schools and universities across the country in 2017 to raise the academic community's awareness of the PCA and the PCC's role in enforcing the law. ■

**Negre has since been appointed PCC Commissioner in March 10, 2023.*

NEW COURSES FOR GOVERNMENT EMPLOYEES, CONSUMERS LAUNCHED IN iCLP: ONLINE LEARNING HUB ON COMPETITION LAW AND POLICY



In 2022, the PCC, through its Communications and Knowledge Management Office, rolled out two new online courses on market competition in its iCLP: Online Learning Hub on Competition Law and Policy.

Titled "Levelling the Playing Field through the National Competition Policy (NCP): A Blended Learning Course for Government Agencies" and "Making Markets Work for Consumers," these new offerings in the iCLP provide an overview of competition in markets and the policies that regulate and govern it.

Launched in July 20, "Levelling the Playing Field through the National Competition Policy (NCP): A Blended Learning Course for Government Agencies" provides government agencies a rundown of vital

information on the Philippine Competition Act (PCA) and the NCP. It also includes a module on competition impact assessment to help government institutions in reviewing their policies and programs through a competition lens.

"Making Markets Work for Consumers," which debuted on June 30, features a quick discussion on the benefits of competition, the PCA, and the PCC for the general public.

Each course had over 100 registrants since their rollout in the iCLP.

Launched in 2021, the iCLP serves as a digital platform to address the learning needs of various stakeholders of competition law and policy. Free and on-demand videos for self-paced learning are accessible at <https://iclp.phcc.gov.ph>. ■

Harmonizing efforts with the legislative branch and local governments

As part of PCC's mandate to advocate for pro-competition policies, the Legislative Liaison Office (LLO) participated in 27 Congressional hearings on critical matters, such as the amendments to the Public Service Act, the reported merger of TV5 and ABS-CBN, the acquisition of Move It by Grab Philippines, and the proposed Natural Gas Industry Development bills, among others. The PCC also submitted 14 position papers to the Senate and House of Representatives, providing inputs to policy reviews involving the energy and natural gas, telecommunications, e-commerce, retail clothing, pharmaceuticals, and transportation industries.

Position Papers and Comments on Proposed Key Legislation and Policies, 2022

SUBJECT	REQUESTING PARTY	DATE RELEASED
Open Harbor Pilotage Services Act	House Committee on Transportation	January 31
Grant/Renewal of the Legislative Franchises of Electric Distribution Utilities, and Telecommunication and Broadcasting Companies	Senate Committee on Public Services; House Committee on Legislative Franchises	January 31
MORE Electric Corp. Franchise	House Committee on Legislative Franchises	January 31
Davao Light and Power Company, Inc. Franchise	House Committee on Legislative Franchises	January 31
Various livestock industry bills	Senate Committee on Agriculture, Food, and Agrarian Reform	February 2
Philippine Furniture Industry	House Special Committee on Creative Industry and Performing Arts	February 3
Amending the Public Service Act	Office of the President	March 8
Grant of Legislative Franchise to Davao Light and Power Company, Inc.	Senate Committee on Public Services	April 21
Draft IRR of the Public Service Act	National Economic and Development Authority	June 13
Letter reply to ARTA on NEHEMIA TELCO Initiatives	Anti-Red Tape Authority	July 28
ABS-CBN & TV5 Investment Agreement	House Committee on Legislative Franchises	August 24
Grab and Move It (Part 1)	House Committee on Metro Manila Development	November 16
Downstream Natural Gas Industry Development Act	House Committee on Energy	November 30
Maritime Competitiveness and International Shipping Local Charges	House Committee on Transportation	December 1



As part of its duties and functions to maintain close liaison and foster collaborative relationships between the Commission and members of the House, its various offices, and legislative staff, the LLO conducted a series of activities entitled Best Advocate of Competition Network (BACON).

The BACON activity was conducted with the Department of Energy, the Office of Senator Sherwin Gatchalian, and the Offices of Representatives Stella Luz A. Quimbo (Marikina, 2nd District) and Gerardo P. Valmayor (Negros Occidental, 1st District).

Newly elected officials of the May 2022 polls shall also receive training on competition law and policy as the PCC, through its Communications and Knowledge Management Office, strengthened its ties with the Local Government Academy (LGA). The partnership aims to equip officials with knowledge on the National Competition Policy (NCP) by including it in the Newly Elected Officials training. Leveraging the training mandate of the LGA, the PCC signed a memorandum of agreement with the Department of Interior and Local Government to promote the PCA and the NCP among local government units. ■

LEVERAGING LOCAL GOVERNMENT ACADEMY'S TRAINING MANDATE TO ROLL OUT COMPETITION LAW AND POLICY AMONG LOCAL GOVERNMENT UNITS



The PCC and the Local Government Academy (LGA) of the Department of Interior and Local Government signed a memorandum of agreement to institutionalize a partnership in promoting competition law and policy among local government units (LGUs).

In a virtual ceremony held on September 20, PCC Executive Director Kenneth V. Tanate and LGA Executive Director Thelma T. Vecina led the signing, wherein both agencies agreed to open avenues for learning, collaboration, and capacity-building exercises for local executives.

In his message, PCC Officer-in-Charge Johannes Benjamin R. Bernabe explained how adverse effects of anti-competitive practices in the market can be felt at the local level. He emphasized the need for LGU involvement in formulating and adopting

pro-competition principles as mandated in the National Competition Policy (NCP) to ensure a competitive playing field. Bernabe said that the PCC-LGA partnership would help promote competition to even more stakeholders.

Tanate highlighted the PCC's whole-of-government approach in forming a strategic partnership with LGA to capacitate LGUs, helping them strive for excellence and improving the quality of public service in the country with respect to pro-competitive practices.

The partnership aims to help LGUs adhere to competition law, especially with the rollout of the NCP and compliance to Administrative Order No. 44, s. 2021, which is among the criteria for the conferment of the Seal of Good Local Governance on cities and municipalities. ■

In line with the PCC's mandate to collaborate with other institutions and government agencies for a joint effort in enforcing competition law, the Commission added to its roster of partners.

Memoranda of Agreement (MOA) and Memorandum of Understanding (MOU) signed with partner agencies, 2022

PARTNER AGENCY	DATE SIGNED
National Privacy Commission	February 9 (MOA)
National Bureau of Investigation	August 17 (MOA)
Local Government Academy	September 20 (MOA)
Legal Education Board	November 9 (MOU) December 5 (MOA)
Governance Commission for Government-owned or Controlled Corporations	December 16 (MOA)

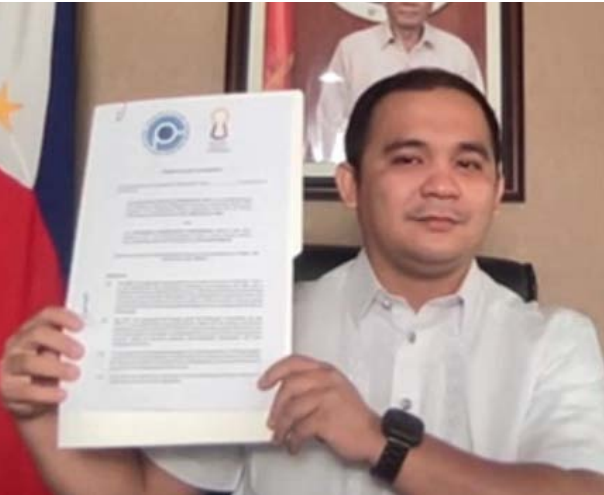
PARTNERSHIP AGREEMENT WITH NATIONAL PRIVACY COMMISSION ON POLICY, CASES



The PCC forged a partnership with the National Privacy Commission (NPC) to strengthen competition enforcement and policy coordination between the two regulators. The virtual signing of the memorandum of agreement (MOA) was held on February 9, led by PCC Chairperson Arsenio M. Balisacan and NPC Chairperson John Henry D. Naga.

The MOA binds the two agencies in working closely on policy implementation and case investigations involving competition and data privacy. Investigation and enforcement support between the agencies include the formation of joint task forces and notification of matters of common concern.

“In today’s digital economy, data plays a key role in the business model of many firms. The advocacy roundup synergy we are forming through this agreement is a springboard for a stronger enforcement of our competition and data privacy laws,” Balisacan said.



In other jurisdictions, regulators scrutinize the accumulation and use of Big Data by dominant market players. Close collaboration between the competition and data privacy authorities is needed to tackle risks of abuses emerging in the areas of data privacy and competition.

“Protection of consumers and data subjects will always be our top priority. We will meet again with PCC to fully harness the benefits of this agreement in order to ensure the protection of the consumers in the digital age,” Naga said.

The MOA with the NPC—PCC’s first institutional partnership for 2022—is significant in that the PCC is building its capacity to tackle issues in the digital economy. As part of the agency’s capacity building, PCC enforcers attended training programs and workshops on competition in digital markets, the evolving nature of merger control, and barriers to entry, among others, in 2021. ■

LEGAL EDUCATION BOARD TAKES UP CHALLENGE TO PROMOTE COMPETITION IN LAW SCHOOLS



The PCC and the Legal Education Board (LEB) has formalized their partnership in advancing competition law and policy in legal education through a ceremonial signing of a memorandum of understanding (MOU) on November 4.

PCC Officer-in-Charge Johannes Benjamin R. Bernabe and LEB Chairperson Anna Marie Melanie B. Trinidad led the MOU signing, marking both agencies’ commitment to promote competition law.

The MOU highlights the joint organization of events and programs that promote competition law and policy for law school students, executives, and faculty, as well as other joint or coordinated advocacy activities on market competition.

PCC Commissioner Emerson B. Aquende welcomed the guests, while LEB

Commissioner Lorenzo R. Reyes provided an overview of the partnership.

Also present during the signing ceremony were PCC Commissioner Marah Victoria S. Querol, PCC Executive Director Kenneth V. Tanate, and LEB Chief Operating Officer Aaron Marc M. Dimaano.

The PCC and the LEB have collaborated in the past for events centered on legal education and competition law, including the Online Lecturers Training Program on Competition Law and Policy in 2020, and the Competition Law and Policy Career Day special practice area for law students in September.

The LEB serves as the regulatory and supervisory body for legal education in the Philippines. ■





Sharing best practices through international linkages

Development partners and other competition agencies have been, and continue to be, instrumental in developing the PCC's institutional and staff capacity. In 2022, recognizing that international cooperation is essential in safeguarding today's increasingly dynamic markets, the PCC embarked on strengthening these linkages.

In May, the PCC facilitated a forum session as co-chair of the International Competition Network Advocacy Working Group (ICN-AWG), discussing competition advocacy in the year's ICN Conference. Led by a distinguished panel of experts, the session enabled ICN members to share their experiences on the role of competition advocacy as a tool for enabling effective international enforcement cooperation. The results of the session served as inputs in developing a guide for competition authorities in using advocacy for strengthening cross-border collaboration in enforcement.



To sustain its advocacy efforts with micro, small, and medium enterprises (MSMEs), the PCC facilitated a workshop titled "Linking Competition Policy, Economic Recovery, and Resilience: Benefits to MSMEs". This serves as the culminating project of the agency's partnership with the United Nations Conference on Trade and Development (UNCTAD) and the Department of Trade and Industry Bureau of Small and Medium Enterprise Development (DTI-BSMED). In this workshop, experts discussed how MSMEs can benefit from competition law and policy in both the short and long term. Additionally, participants engaged in an in-depth discussion on anti-competitive agreements/conduct that can transpire during an MSME's daily operation. Lastly, actionable items on how MSMEs may benefit from competition law and policy were identified, especially in the context of the new normal.



Additionally, the PCC renewed its partnership with the Hong Kong Competition Commission (HKCC) to collaborate on antitrust regulations, primarily on anti-cartel enforcement. In September, top officials of the HKCC paid a courtesy visit to strengthen its bilateral ties with the PCC. This follows the memorandum of understanding signed by both parties, which provides for areas of collaboration on staff exchanges, research studies, capacity building exercises, and other forms of technical cooperation. These intergovernmental functions allow the PCC to bolster its enforcement network and technical capacity as it strives to achieve its vision of becoming a world-class competition authority. ■

COMPETITION IS KEY ELEMENT IN RECOVERY — 2022 MANILA FORUM



The PCC organized the 2022 edition of the Manila Forum on Competition in Developing Countries (FCDC) with the theme “Beyond Recovery: Building Back Better with Competition Policy” on February 3-4 using virtual platforms.

The conference shone a light on the role of competition policy in achieving inclusivity, resilience, and sustainability as developing countries begin their path to economic recovery after the disruption caused by the COVID-19 pandemic.

Ori Schwartz of the Organisation for Economic Co-operation and Development (OECD) Competition Division delivered this year’s keynote address. “The first and, perhaps, essential part of shaping crisis and recovery policy is to have a seat on the table, to be heard, and to remind policymakers of the importance of competition during crisis and recovery,” said Schwartz.

The Manila Forum featured four plenary sessions and two parallel sessions that not only featured the impact of the pandemic on markets and how competition law and policy adapted to government actions for recovery, but also the “building back better” of economies.

The plenary sessions discussed merger control during economic crises, industry and regulatory responses to anti-competitive behavior during the pandemic, responses to micro, small, and medium enterprises’ needs with the economic restart, and competition enforcement in digital markets. The two parallel sessions analyzed competition regulatory responses during the economic crisis and the unique challenges in economic research in developing countries. The discussion drew out best practices which can be carried over to the new normal. ■

ASEAN ANTITRUST CHIEFS PUSH FOR COMPETITION POLICY IN POST-PANDEMIC RECOVERY

Emphasizing the importance of retaining competition policies in post-pandemic economic recovery, the ASEAN Heads of Competition Agencies (AHCA) met to issue a joint statement in April 14, in support of the ASEAN’s pandemic recovery efforts as directed by the ASEAN Comprehensive Recovery Framework (ACRF). In attendance were heads of competition agencies from Brunei, Cambodia, Indonesia, Lao, Malaysia, Singapore, Myanmar, Thailand, and the Philippines.

In the joint statement, competition policy’s contribution to the objectives stated in the ACRF was recognized, alongside increased governmental collaboration in facilitating economic recovery.

It also reaffirmed the AHCA’s statement on adopting certain actions to maintain and improve competition, which include focusing enforcement activities on markets and industries that are important for



economic recovery and ensuring that anti-competitive activities do not take place under the guise of economic recovery, among others.

The ACRF is a five-point strategy that enumerates the ASEAN’s response to the COVID-19 pandemic through the different stages of recovery, targeting key sectors and segments of society most affected by the crisis. ■

PHILIPPINES HOSTS 17TH EATOP, 14TH EAC



The PCC, the Asian Development Bank Institute, and the Japan Fair Trade Commission organized the 17th East Asia Top Level Officials’ Meeting on Competition Law and Policy (EATOP) and the 14th East Asia Conference on Competition Law and Policy (EAC) in September. With the Philippines selected as the host country for the year, both events were held at the New World Hotel in Makati City.

The 17th EATOP gathered top officials of competition authorities from the East Asia

region in a closed-door meeting to discuss progress of programs on competition law and policy and prospective undertakings to boost cooperation in the region.

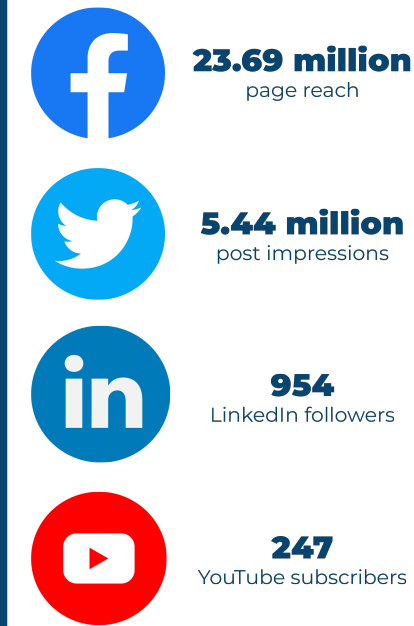
Government officials, business leaders, competition professionals, and researchers attended the 14th EAC to share ideas on the interface of competition policy with sustainability and privacy laws. The activity aimed to develop a common understanding of how competition policy and law affects and benefits the region. ■

Raising public awareness on competition law

Even as it leverages its partnerships, the PCC has pushed for the development of an informed community of consumers, businesses, and peers in government. With this, the PCC optimized its efforts to expand its reach through various approaches and tapped different media platforms to bring its advocacy to a wider audience.

In 2022, the PCC’s Communication and Knowledge Management Office sustained its awareness campaigns, which produced engaging content for below-the-line placements, such as social media advertisements. These materials served as the key driver in generating an estimated 23.69 million Facebook page reach, 5.44 million Twitter post impressions, 954 LinkedIn followers, and 247 YouTube subscribers. The PCC’s official website likewise registered over 613,000 page views and gathered more than 250,000 users.

Last but not least, the PCC has not let up in its engagements with the press, especially since mass media remains the topmost source of information for PCC stakeholders. For the year, the agency’s Public Affairs Division published 28 press releases and 10 press statements, in addition to media commentaries and interviews with reporters, columnists, and media outlets. ■





INSTITUTION BUILDING

The PCC recognizes that human capital is its most important asset to achieve its vision of becoming a world-class competition authority; hence, the PCC continues to implement measures to attract highly competent staff members to serve as frontline enforcers of competition law and policy in the country.

As of December 31, the PCC has filled up 79% of its approved plantilla positions, or a total of 192 personnel, which include 47 lawyers and 31 economists. Additionally, non-plantilla staff members were hired to fill existing gaps in personnel requirement, bringing the total to 289.

The agency also welcomed two new Commissioners, Attys. Marah Victoria S. Querol and Michael B. Peloton, replacing members of the Commission whose terms of office expired in 2021. Likewise, following Chairperson Arsenio M. Balisacan's appointment as the Secretary of the National Economic and Development Authority (NEDA) in June, Commissioner Johannes Benjamin R. Bernabe took over as the PCC's officer-in-charge.

The total budget allocation of the agency for fiscal year 2022 amounted to PHP 869,183,000.00. Maintenance and other operating expenses had the biggest share (66%), followed by personnel services (28%),

and capital outlay (6%).

The PCC also maintained its status as an ISO 9001:2015-certified agency for its quality management system, covering all core and support services, true to its mission of being a world-class competition authority. The PCC Accounting Division was similarly recognized as one of the outstanding accounting offices by the Association of Government Accountants of the Philippines, Inc.

With respect to government regulatory compliance, the PCC received the highest rating of 100-percent compliance on energy efficiency and conservation, according to the Department of Energy's spot audit in 2022.

To expand the agency's network and bring market competition closer to its stakeholders outside the capital, the PCC has established investigation stations (i-Stations) in strategic regions of the country. The operation of i-Stations is envisioned to not only facilitate the conduct of investigations in major areas, but likewise ensure better coordination and handling of complaints and queries with regional government agencies. In 2022, the PCC inaugurated its i-Station in Legazpi City through its partnership with the NEDA Regional Office in Albay. ■



INVESTIGATION STATION OPENS IN SOUTH LUZON

The PCC is expanding its reach outside the National Capital Region (NCR), with the launch of its investigation station (i-Station) in South Luzon.

Following the operationalization of its inaugural i-Station in North Luzon (Baguio City) in 2021, the competition authority opened another hub at the National Economic and Development Authority Regional Office in Legazpi City in 2022. The i-Station will serve as a temporary workstation for PCC staff until the establishment of a permanent regional office.

The establishment of i-Stations is in response to the growing need for stronger competition law enforcement and advocacy in areas outside the NCR. The operation of these hubs will not only facilitate conduct of

investigations, but also better coordination with regional government agencies and more effective handling of complaints and queries.

The selection of Legazpi City as one of the locations is strategically aligned with the ongoing cases and queries handled by the PCC. As in the North Luzon hub, the PCC tapped local personnel for efficiency and better grasp of the local communities' competition concerns.

"Boosting our operations in Bicol through the Legazpi i-Station will increase competition law enforcement presence and facilitate stronger interactions with the local communities. This satellite office will allow us to directly connect with our regional stakeholders and partners in government," PCC Chairperson Arsenio M. Balisacan said. ■



FIVE-STAR RATING ON ENERGY EFFICIENCY, CONSERVATION BESTOWED BY DOE

The PCC obtained a hundred percent compliance rating on energy efficiency and conservation (EEC), according to the results of the Department of Energy's (DOE) on-the-spot audit in April 18-22.

The Inter-agency Energy Efficiency and Conservation Committee (IAEECC) directed the responsible use of electric power resources to ensure sufficient supply and efficient usage, given recent international issues (i.e., Russia-Ukraine conflict) and domestic conditions (e.g., hot, dry season) affecting the power supply.

In compliance with the IAEECC's directive, the PCC's General Services Division (GSD) implemented fuel- and electricity-saving measures, such as: a) turning off lights and computers during lunch breaks and when not in use; b) setting office equipment on sleep settings when not in use; c) adjusting air conditioning unit thermostat (i.e., not lower than 24 degrees Celsius), and d) keeping doors of air-conditioned spaces

closed, among others. These EEC initiatives were spearheaded by Engineer Teejay Yoshiumi J. Sakuma, a senior administrative officer of the GSD who serves as the EEC officer/focal person.

"Reaching 100% compliance on energy efficiency and conservation is not a one-time achievement but a way of life towards a cleaner and better future," Sakuma said.

The PCC joined other government agencies that also garnered a five-star rating on ECC, namely, Bangko Sentral ng Pilipinas, National Economic and Development Authority, Office of the Ombudsman, and Sandiganbayan, among others.

The ECC is a directive by the DOE's IAEECC, created by virtue of the EEC Act (Republic Act No. 11285). One of the mandates of IAEECC is to implement the government energy management program, which aims to reduce the use and cost of energy in government agencies. ■

OCCUPATIONAL SAFETY AND HEALTH STANDARDS UPHELD

Mindful of the persistent threat of COVID-19 infection among its staff, the PCC, through its Human Capital Management Division (HCMD), coordinated with the Quezon City Health Department to administer booster doses among its employees. The inoculation was conducted on January 11- August 30, as part of the initiatives of the HCMD-Employee Relations and Health & Wellness Unit (ER-H&W), in collaboration with the Barangay Bagong Pag-Asa Health Center in Quezon City.

To ensure proper social distancing, the PCC has observed the guidelines issued by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases, the Department of Health, and the Civil Service Commission. Likewise, the PCC began implementing a flexible work arrangement, in accordance with CSC Memorandum No. 6, s. 2022.

Since 2020, the PCC’s COVID-19 Emergency Response Team has been handling COVID-19 issues and concerns reported to the ER-H&W Unit, thereby mitigating the spread of the virus in the agency’s premises. The team continues to implement efficient and effective contact tracing and provide timely email advisories on health and wellness-related concerns.

The PCC also retained the services of a doctor to address health concerns of PCC personnel, as well as of their immediate family members. The agency’s Information and Communications Technology Division has developed the PCC Medical Appointment System to facilitate health monitoring.

Lastly, the HCMD has been conducting other wellness activities, such as the Funday Friday, which aim to address the mental health concerns of employees amid the continued threat of the pandemic. ■

AWARDED MOST OUTSTANDING ACCOUNTING OFFICE

Congratulations, PCC!

Awarded as one of the Outstanding Accounting Offices for FY2021 by the Association of Government Accountants of the Philippines Inc. (AGAP) and the Commission on Audit (COA)



The PCC, through its Finance, Planning and Management Office, has been awarded as one of the Outstanding Accounting Offices among state agencies in fiscal year 2021 for demonstrating the highest standard of compliance with stringent government rules on financial reporting.

The awardees were chosen based on the recommendation of the Commission on Audit (COA), whose criteria for judging include unqualified COA findings and the

accuracy and timeliness of submission of financial reports.

The award was given by the Association of Government Accountants of the Philippines Inc. (AGAP). AGAP consists of over 10,000 accountants, budget officers, supply officers, cashiers and all personnel belonging to the finance group from national government agencies, local government units, and government-owned or controlled corporations. ■



Staff development

The PCC acknowledges the novelty of the field of competition in the country. While hiring is based on merit and qualifications, the Commission recognizes the need for continual development of the staff. Hence, it ensures that its personnel are capacitated with analytical tools in competition law enforcement and economic analyses.

The Commission sent staff members to learning and development (L&D) events locally and abroad to bring back best practices and technical expertise in the conduct of enforcement activities, merger review, economic analysis, big data analytics, and competition advocacy, among others.

In 2022, the PCC sent its staff to 85 local and international L&D events. Under domestic programs, topics varied from competition law and economics (e.g., merger control, advocacy, enforcement, platform economics, competitive neutrality,) to social media and digital economy, quality management system, procurement, leadership, and soft skills. Training

programs taken abroad comprised of topics on general competition law, antitrust policy, competition cooperation, mergers, cartels, and other competition-related fields (e.g., corporation law, public management, international development). Some of these programs were attended by various staff through the Capacity Building to Foster Competition Project being implemented jointly by the PCC and Asian Development Bank (ADB). This initiative aims to assist the PCC in strengthening its institutional capacity.

Further to this collaboration, the PCC-ADB project selected several government staff from different agencies for the Government Staff Development Program for Competition Law and Policy (GSDPC), which sponsors the graduate studies of said staff. Aside from those in PCC, personnel from the National Economic and Development Authority, Office of the Solicitor General, and Department of Justice also received scholarship grants to learn competition law, economics, and public policy abroad. The same project supported PCC in rolling out a series of online training modules on competition law and policy in association with the Barcelona School of Economics. ■

GSDPC SCHOLARS PURSUE ADVANCED STUDIES ON COMPETITION LAW

Under the PCC-ADB Capacity Building to Foster Competition Project, the Government Staff Development Program for Competition Law and Policy (GSDPC) provides opportunities for highly qualified staff members to take advanced studies on competition law, economics, and related fields. Aside from graduate degree programs, it also covers fellowship/secondment programs, short courses, seminars and conferences, and online courses.

The program envisions to contribute to deepening the discourse surrounding the discipline of antitrust law and economics and to build the government’s collective institutional capacity, thus fostering a vigorous competition environment in the country.

Award of the scholarship is based on merit, where applicants are subjected to a competitive selection process. Scholarship applicants must demonstrate a strong commitment to return to their respective agencies, apply their acquired knowledge and skills, and implement a re-entry action plan focused on the development of a policy reform, research, or project responsive to the goals of the program.

In 2022, the GSDPC granted scholarships to 12 government employees pursuing master’s degrees in competition law, public policy, public administration and management, economics, and social impact in top universities in the United States, United Kingdom, Belgium, and Australia. ■

GSDPC Scholars Intake for 2022		
Name	Degree Program	University
Philippine Competition Commission		
Antonio Miguel S. Ventura	Master in Public Administration in International Development	Harvard University
Maria Dominique A. Lucenario	Master of Public Policy	University of Oxford
Kirsten J. Dela Cruz	Master of Policy Management	Georgetown University
National Economic and Development Authority		
Ma. Clarisa P. Manzon	Master of Public Administration	Columbia University
Dulce B. Paloma	Master of Public Policy & Management	University of Melbourne
Arthur Philip A. Sevilla	Master of Social Impact	Swinburne University of Technology
Donna Marie P. Cabarrubias	Master of Laws in Law and Economics	Queen Mary University of London
Office of the Solicitor General		
Steven G. Gatacelo	Master of Laws in International Commercial and Competition Law	University of East Anglia
Jayrous D. Villanueva	Master of Laws in Competition Law	Brussels School of Competition
Glenn Thyron S. Ancheta	Master of Laws in Competition Law	Brussels School of Competition
Department of Justice		
John Paul A. Mansueto	Master of Public Policy	London School of Economics and Political Science
Jan Marie M. Riñon	Master of Public Policy	London School of Economics and Political Science

ON MERGERS AND SECTOR REGULATION:
THE CASE OF TELECOMMUNICATIONS



Mergers and Acquisitions Office Director Krystal Lyn T. Uy belongs to the first batch of scholars of the GSDPC. She earned a Master of Laws (LLM) in innovation, technology, and law at the University of Edinburgh. In her research, she studied the telecommunications industry with the aim of making the sector more competitive in light of other countries’ experiences.

“Telecom regulation must be adapted or infused with antitrust principles to ensure a robust, competitive sector.”

Based on her cross-country comparisons with the United States, European Union, and Malaysia, she found that the Philippines was the only country to implement a dual permit licensing scheme. In addition, she found that the telecom law (Republic Act No. 7925) was silent on the implementation of interconnection and enforcement of dispute resolutions, as well as access pricing.

“Since telecom is a network industry with bottlenecks, sunk costs, and network effects, the ‘free market approach’ cannot be relied on to make the sector competitive. Telecom regulation must be adapted or infused with antitrust principles to ensure a robust, competitive sector,” said Uy during her knowledge sharing session (KSS) “Adapting Telecommunications Law to Competition” in November 2021.

A case involving the telecommunications industry was one of the first handled by the PCC during its infancy in 2016. The PCC received numerous inquiries regarding the PHP 69.1 billion acquisition deal involving San Miguel Corporation and its competitors, PLDT and Globe Telecom. ■

ON ECONOMIC ANALYSES: THE CASE OF MARKET REVIEW AND ENFORCEMENT INVESTIGATION



help in investigations and assessments. She also argued that other advanced competition authorities were already using these technologies, citing the Australian Competition and Consumer Commission, which used NLP to extract value from consumer complaints.

“Applying NLP to competition is not a new thing. More advanced competition authorities in other jurisdictions already applied NLP in their enforcement and policy work,” Salas said.

Two (2) economists, Shereena S. Salas and Edgardo Manuel M. Jopson, joined the roster of PCC-ADB scholars who studied in a European university. Salas obtained a master’s degree in data science for decision making at the Barcelona School of Economics, while Jopson earned a Master of Science in data analytics at Queen Mary University of London in the United Kingdom.

During her knowledge sharing session (KSS) on “Aiding Competition Policy and Enforcement through NLP” last September, Salas related how machine learning and programming can be utilized in aid of competition investigation work. She discussed natural language processing, a subfield in artificial intelligence, that can



On the other hand, Jopson proposed the use of network analysis for competition policy. He argued that the existing antitrust analytical tools such as the hypothetical monopolist test may already aid market investigations; however, complex market structures (e.g., conglomerate mergers) require more sophisticated techniques. In his research, Jopson explored the application of graph theory in identifying close competitors in relevant markets and finding cross-product relationships for conglomerates. He was able to elicit insights from the health and medicine datasets he analyzed, according to his presentation in the KSS on “Data Analytics and Competition Policy” last November 2021.

In the digital era, traditional antitrust tools may need to undergo enhancement to be at par with the changes in technology and business models. Through continual improvement and advancement on methodologies and analytical tools for competition assessments in the pipeline, the PCC can be assured that its competition regulation is future-proof. ■

“
More advanced competition authorities in other jurisdictions already applied NLP [Natural Language Processing] in their enforcement and policy work.

Sheerena S. Salas

ON ADVOCACY: THE CASE OF EX-ANTE REGULATIONS

“
The next step is adding to our existing and future memoranda of agreement with other sector and government regulators some provisions for cooperation and ex-ante regulations.



While it is empowered to address and impose penalties on violators of the Philippine Competition Act, the PCC may advocate for reforming sector-specific problems to avoid anti-competitive distortions; hence, ex-ante regulations.

This is one of the key takeaways of Atty. Rigel A. Villanueva of the PCC’s Legal Services Division, during his LLM in European and International Business, Competition and Regulatory Law in Freie Universität Berlin in Germany. He compared the EU’s framework in regulations with respect to sector-specific issues. Ex-ante regulations aim to identify problems beforehand and shape stakeholder behavior and responses through regulatory interventions. Despite the huge disparity between the competition

laws of the Philippines and EU, Villanueva recommended that it may be done through the advocacy mandate of the PCC, i.e., legislative inputs, advocacy of pro-competitive policies for the government.

“The next step is adding to our existing and future memoranda of agreement with other sector and government regulators some provisions for cooperation and ex-ante regulations,” Villanueva said. The PCC has worked on several memoranda of agreements with other government agencies and sector regulators through the years. By injecting ex-ante regulations in collaborations with other sector regulations, the PCC is a step closer to its goal of fostering competition in the Philippines. ■



BARCELONA SCHOOL OF ECONOMICS ANTITRUST COURSE DRAWS ATTENDEES FROM PCC, NEDA, OSG



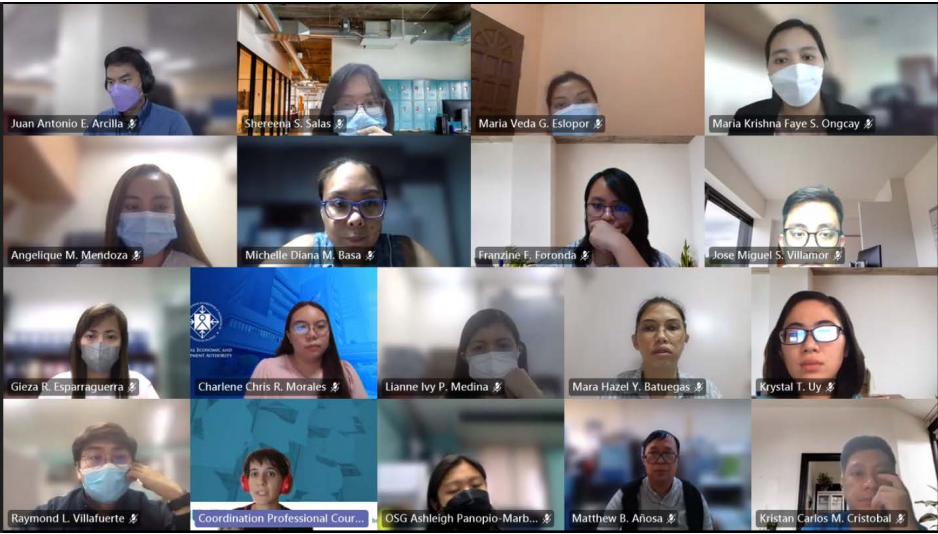
A whole-of-government approach is necessary for effective competition regulation; hence, capacitating government instrumentalities is a priority of the PCC.

In partnership with the Barcelona School of Economics, the PCC, through its Capacity Building and Advocacy Division, launched a 60-hour, three-module online training program on competition law and economics.

The first module, “Competition Economics: Abuse of Dominance”, was held from July 6 to August 3. Serving as resource experts, international competition economists Dr. Chiara Fumagalli, Dr. Massimo Motta,

and Dr. Simon Roberts discussed critical areas such as theories and jurisprudence on abuse of dominance. These topics included predation, exclusive dealing, tying and bundling, rebates and discounts, vertical foreclosure, and excessive pricing, among others.

Over 29 attendees from the PCC, National Economic and Development Authority, and Office of the Solicitor General participated in the first module of the course. The course was conducted under PCC’s Government Staff Development Program for Competition Law and Policy (GSDPC) funded by the Asian Development Bank. ■



The new Commission. From left to right: Commissioner Lolibeth Ramit-Medrano, Commissioner Marah Victoria S. Querol, Chairperson Michael G. Aguinaldo, Commissioner Michael B. Peloton, and Commissioner Ferdinand M. Negre.

The Commission has gained significant ground and has built its confidence as a competition enforcer from its experience in the past years. Yet many challenges still need to be overcome.

Policy Research

In 2023, the agency will focus its competition research and analysis on health maintenance organizations, e-commerce, water, pharmaceuticals, digital platform pricing, and advertising and block-time agreements. Energy, transportation, food and agriculture shall likewise be the subject of the PCC’s competition impact assessments.

Enforcement

The PCC’s topmost priority is to effectively investigate anti-competitive agreements and conduct, bearing in mind that effective deterrence requires not only the threat of penalties but also effective detection and prosecution of infringements. Enforcement efforts shall focus on priority sectors, particularly food and agriculture, water, energy, electricity, health and pharmaceuticals, telecommunications, and e-commerce. Investigation and prosecution of bid-rigging in public procurement will also be at the forefront of enforcement initiatives.

Mergers and Acquisitions

Monitoring mechanisms shall be optimized to closely track compliance by Grab and TQMP with their commitment decisions, which were issued as part of their previous merger review cases. After the publication of the Non-Horizontal Merger Review Guidelines, the PCC hopes to make its

analytical processes more transparent to the business community and competition law practitioners. The Guidelines may also be used by the courts in developing an appropriate framework for interpreting and applying the PCA, PCA-IRR, and other regulations relating to mergers and acquisitions. Educating stakeholders also forms part of the PCC’s advocacy initiatives, which will include Phase 2 of the development of training modules on merger procedure.

Advocacy

The agency intends to establish and reinforce ties with other institutions to expand its enforcement network. The Commission looks to negotiate memoranda of understanding (MOUs) with the Department of Public Works and Highways and the Department of Interior and Local Government. Creating a policy environment conducive to fair market competition will require sustaining relationships with allies in the Senate and House. Abroad, the PCC plans to forge MOUs with peers in other regions, including the Korea Fair Trade Commission, Australia Competition and Consumer Commission, and Japan Fair Trade Commission.

The PCC will also sustain the rollout of the National Competition Policy among government agencies through a combination of institutional tie-ups that cater to the learning and development requirements of government agencies and academic entities. Prioritized activities similarly focus on strengthening the agency’s presence in Visayas and Mindanao with the inauguration of investigation stations in Cebu and Davao. ■

FINANCIAL STATEMENTS



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
COMMONWEALTH AVENUE, QUEZON CITY

NATIONAL GOVERNMENT AUDIT SECTOR CLUSTER 1 – EXECUTIVE OFFICES

INDEPENDENT AUDITOR'S REPORT

The Chairperson

Philippine Competition Commission
25/F, Vertis North Corporate Center 1, North Avenue
Quezon City

Opinion

We have audited the financial statements of the Philippine Competition Commission (PCC), which comprise the statement of financial position as at December 31, 2022, the statement of financial performance, statement of cash flows, statement of changes in net assets/equity, statement of comparison of budget and actual amounts for the year then ended, and notes to financial statements including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the PCC as at December 31, 2022, and its financial performance, statement of cash flows, statement of changes in net assets/equity, statement of comparison of budget and actual amounts for the year then ended, and notes to financial statements, including summary of significant accounting policies, in accordance with International Public Sector Accounting Standards (IPSASs).

Basis for Unmodified Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Agency in accordance with the Revised Code of Conduct and Ethical Standards for the Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Annual Report of PCC but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the IPSAS and for such internal control as management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the agency's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit observations, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

COMMISSION ON AUDIT

By:


CHERRIE LOU C. ARGUILLA
OIC - Supervising Auditor
Audit Group E – OEO V

March 28, 2023

Republic of the Philippines
PHILIPPINE COMPETITION COMMISSION
STATEMENT OF FINANCIAL POSITION
ALL FUNDS
(In Philippine Peso)
As of December 31, 2022

	<u>Note</u>	<u>2022</u>	<u>AS RESTATED</u> <u>2021</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	30,207,492.77	93,355,739.45
Receivables	6	7,211,734.26	791,658.72
Inventories	7	588,450.82	642,711.42
Other Current Assets	8	16,603,613.29	8,309,692.74
Total Current Assets		54,611,291.14	103,099,802.33
NON-CURRENT ASSETS			
Property, Plant and Equipment	9	58,911,502.10	60,751,445.19
Intangible Assets	10	1,071,840.19	919,990.00
Other Non-Current Assets	8	17,207,880.61	15,876,297.48
Total Non-Current Assets		77,191,222.90	77,547,732.67
TOTAL ASSETS		131,802,514.04	180,647,535.00
LIABILITIES			
CURRENT LIABILITIES			
Financial Liabilities	11	47,535,656.92	36,271,726.82
Inter-Agency Payables	12	663,109.26	23,061.86
Due to Other Funds	13	75,576.87	361.05
Trust Liabilities	14	3,996,125.32	4,227,288.30
Pension Benefits Payable	15	2,506,724.80	905,343.17
Total Current Liabilities		54,777,193.17	41,427,781.20
TOTAL LIABILITIES		54,777,193.17	41,427,781.20
TOTAL ASSETS LESS TOTAL LIABILITIES		77,025,320.87	139,219,753.80
NET ASSETS/EQUITY			
Accumulated Surplus/(Deficit)		77,025,320.87	139,219,753.80
TOTAL NET ASSETS / EQUITY		77,025,320.87	139,219,753.80

Republic of the Philippines
PHILIPPINE COMPETITION COMMISSION
STATEMENT OF FINANCIAL PERFORMANCE
 ALL FUNDS
 (In Philippine Peso)
 For the Year-Ended December 31, 2022

	<u>Note</u>	<u>2022</u>	<u>2021</u> <u>As restated</u>
REVENUE			
Service and Business Income		1,246,225.00	2,420,475.00
Total Revenue	16	1,246,225.00	2,420,475.00
EXPENSES			
Current Operating Expenses			
Personnel Services	17	241,846,205.64	240,244,098.42
Maintenance and Other Operating Expenses	18	268,401,103.59	240,943,113.82
Non-Cash Expenses	19	31,020,790.67	31,552,630.89
Total Current Operating Expenses		541,268,099.90	512,739,843.13
Surplus (Deficit) from Current Operations		(540,021,874.90)	(510,319,368.13)
Financial Assistance/Subsidy from NGAs, LGUs, GOCCs	20	482,992,442.08	550,977,837.59
Other Non-Operating Income	21	3,795,758.47	4,296,463.66
Loss on Sale of Unserviceable Property			(23,525.91)
SURPLUS (DEFICIT) FOR THE PERIOD		(53,233,674.35)	44,931,407.21

Republic of the Philippines
PHILIPPINE COMPETITION COMMISSION
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
 ALL FUNDS
 (In Philippine Peso)
 For the Year-Ended December 31, 2022

	<u>Note</u>	<u>2022</u>	<u>2021</u> <u>As restated</u>
Balance at January 1		164,127,805.70	122,288,145.35
Add/(Deduct):			
Changes in accounting policy		(2,515,658.61)	(1,672,485.00)
Prior period Adjustments/Unrecorded Income and Expenses	4	(22,392,393.29)	(18,698,884.05)
Other adjustments			(3,171,189.70)
Restated balance		139,219,753.80	98,745,586.60
Add/(Deduct):			
Changes in Net Assets/Equity for the Calendar Year			
Adjustment of net revenue recognized directly in net assets/equ	40	(8,960,758.58)	(4,457,240.01)
<i>Closing of Cash-Treasury/Agency Deposit, Regular</i>		(8,960,758.58)	(4,457,240.01)
Surplus/(Deficit) for the period		(53,233,674.35)	44,931,407.21
Total Changes in Net/Assets/Equity for the Calendar Year		(62,194,432.93)	40,474,167.20
Balance at December 31		77,025,320.87	139,219,753.80

Republic of the Philippines
PHILIPPINE COMPETITION COMMISSION
STATEMENT OF CASH FLOW
 ALL FUNDS
 (In Philippine Pesos)
 For the Year-Ended December 31, 2022

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities			
Cash Inflows			
Receipt of Notice of Cash Allocation	22	644,208,892.15	622,961,289.48
Collection of Income/Revenues	23	1,261,225.00	2,420,475.00
Collection of Receivables	24	-	10,701.73
Receipt of Intra-Agency Fund Transfers	25	-	16,063.80
Trust Receipts	26	1,181,611.54	2,023,327.15
Other Receipts	27	4,690,719.40	4,406,419.16
Adjustments	28	3,544,328.89	668,940.17
Total Cash Inflows		654,886,776.98	632,507,216.49
Cash Outflows			
Replenishment of negotiated MDS checks (for BTr NG Books only)			-
Remittance to National Treasury	29	8,960,758.58	4,457,240.01
Payment of Expenses	30	352,292,021.31	361,945,273.97
Grant of Cash Advances	31	4,735,138.55	1,606,730.03
Prepayments	32	52,850,587.23	16,102,760.10
Payment of prior years' accounts payables for operating expenses	33	11,516,666.16	19,729,501.45
Payment of tax refunds payable	34	216,363.20	216,136.95
Remittance of Personnel Benefit Contributions and Mandatory Dedu	35	87,599,784.52	94,995,890.67
Grant of Financial Assistance/Subsidy		738,397.95	-
Release of Inter-Agency Fund Transfers	36	5,429,569.23	7,252,752.12
Other Disbursements	37	4,574,741.78	1,517,445.32
Reversal of Unutilized NCA		161,176,726.42	71,262,575.29
Adjustments		590,998.07	-
Total Cash Outflows		690,681,753.00	579,086,305.91
Net Cash Provided by (Used in) Operating Activities	39	(35,794,976.02)	53,420,910.58
Cash Flow from Investing Activities			
Cash Inflows			
Proceed from Sale/Disposal of Property, Plant and Equipment		-	24,478.00
Total Cash Inflows		-	24,478.00
Cash Outflows			
Purchase/Construction of Property, Plant and Equipment	38	27,353,270.66	8,497,228.54
Purchase of Intangible Assets		-	186,721.87
Total Cash Outflows		27,353,270.66	8,683,950.41
Net Cash Provided By (Used In) Investing Activities		(27,353,270.66)	(8,659,472.41)
Increase (Decrease) in Cash and Cash Equivalents			
Cash and Cash Equivalents, January 1		93,355,739.45	48,594,301.28
Cash and Cash Equivalents, December 31		30,207,492.77	93,355,739.45

Republic of the Philippines
PHILIPPINE COMPETITION COMMISSION
CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
 For the Year-ended December 31, 2022
 (In Philippine Pesos)

Particulars	ALL FUNDS			
	Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
RECEIPTS				
Services and Business Income	-	-	1,246,225.00	(1,246,225.00)
Other Non-Operating Income	-	-	3,795,758.47	(3,795,758.47)
	-	-	5,041,983.47	(5,041,983.47)
PAYMENTS				
Personnel Services	265,166,000.00	277,400,440.00	233,230,276.25	44,170,163.75
Maintenance and Other Operating Expenses	708,575,882.68	704,008,382.68	216,383,079.04	487,625,303.64
Capital Outlay	54,584,460.00	54,584,460.00	11,822,515.00	42,761,945.00
	1,028,326,342.68	1,035,993,282.68	461,435,870.29	574,557,412.39
NET RECEIPTS/PAYMENT	(1,028,326,342.68)	(1,035,993,282.68)	(456,393,886.82)	(579,599,395.86)

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**PHILIPPINE
COMPETITION
COMMISSION**

Ensuring businesses compete and consumers benefit

The Philippine Competition Commission is open Mondays through Fridays from 8:00 a.m. to 5:00 p.m. Submission of notifications and complaints are accepted during these hours.

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